DOCUMENT RESUME

ED 405 307 SP 037 185

TITLE	Teachers' Retirement System of Louisiana: Comprehensive Annual Financial Report--A Component Unit of the State of Louisiana for the Fiscal Year Ended June 30, 1996.
INSTITUTION	Teachers Retirement System of Louisiana, Baton Rouge.
PUB DATE	Oct 96
NOTE	138p.
PUB TYPE	Reports - Descriptive (141)
EDRS PRICE	MF01/PC06 Plus Postage.
DESCRIPTORS	Elementary Secondary Education; Fringe Benefits; Higher Education; *Investment; Personnel Policy; *Retirement Benefits; *Teacher Employment Benefits; *Teacher Retirement
IDENTIFIERS	Financial Planning; Financial Reports; *Louisiana; *Retirement Planning

ABSTRACT

The annual Financial Report of the Teachers' Retirement System of Louisiana is divided into six main sections. The Introductory Section includes the letter of transmittal, names of the Board of Trustees, staff, and consultants; the organization chart; copy of certificate of achievement for excellence in financial reporting for 1995 financial report; summary of 1995-96 legislative acts; and a plan summary. The Financial Section includes the Independent Auditor's Report, General Purpose Finance Statements, Required Supplementary Information, and Supporting Schedules. The Investment Section includes reports on investment activity and policy, an Investment Summary, a list of investments, net earnings on investments and performance measures, annual rates of return, and Summary Schedule of Commissions Paid to Brokers. The Actuarial Section includes a summary of assumptions; Actuarial Valuation Balance Sheet; summary, reconciliation, and amortization of unfunded actuarial liabilities; and membership data. The Statistical Section provides data on vested and nonvested members, retirees, benefit recipients, benefit expenses, revenues, expenses, and participating employers. The final section outlines the Optional Retirement Plan, the Deferred Retirement Option Plan, and Option 5. (ND)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

SP

ED 405 307

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT-
A COMPONENT UNIT OF THE STATE OF LOUISIANA

BEST COPY AVAILABLE

FISCAL YEAR ENDED JUNE 30, 1996

SP037785

PERMISSION TO REPRODUCE AND
DISSEMINATE THIS MATERIAL
HAS BEEN GRANTED BY

J. P. Hadley

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

- Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT -
A COMPONENT UNIT OF THE STATE OF LOUISIANA
FOR THE FISCAL YEAR ENDED JUNE 30, 1996

JAMES P. HADLEY, JR.
DIRECTOR

OFFICE LOCATION
TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
THIRD FLOOR
8401 UNITED PLAZA BOULEVARD
BATON ROUGE, LOUISIANA 70809
(504) 925-6446

MAILING ADDRESS
TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
P. O. BOX 94123
BATON ROUGE, LOUISIANA 70804-9123

PREPARED BY THE ACCOUNTING AND
INVESTMENT DEPARTMENTS OF THE
TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal 5
Board of Trustees 12
Administrative Staff 13
Professional Consultants 14
Organizational Chart 16
Certificate of Achievement for Excellence in Financial Reporting 17
Summary of 1995-1996 Legislative Acts 18
Plan Summary 22

FINANCIAL SECTION

Independent Auditor's Report 26
General Purpose Financial Statements:
- Statements of Plan Net Assets 28
- Statements of Changes in Plan Net Assets 29
- Notes to the Financial Statements 30

Required Supplementary Information:
- Schedule of Funding Progress 38
- Schedule of Employer Contributions 39
- Notes to the Schedules of Trend Information 40

Supporting Schedules:
- Schedules of Budgetary Expenses 42
- Schedules of Administrative Expenses 43
- Schedules of Investment Expenses 44
- Schedules of Board Compensation 45
- Schedules of Building Maintenance Expenses and Capital Outlays 46
- Schedules of Payments to Consultants 47
- Graph-1996 Revenue - Where it Came From 48
- Graph-1996 Revenue - Where it Went 48

INVESTMENT SECTION

Report on Investment Activity 50
Investment Policy 51
Investment Summary 56
List of Investments 57
Net Earnings on Investments 105
Investment Performance Measurements 106
Average Yield on Bonds Purchased 106
Annual Rates of Return 107
Summary Schedule of Commissions Paid To Brokers 108

ACTUARIAL SECTION

Actuary's Certification Letter 110
Summary of Assumptions 112
Actuarial Valuation Balance Sheet 114
Summary of Unfunded Actuarial Liabilities/Salary Test 115
Summary of Actuarial and Unfunded Actuarial Liabilities 115
Reconciliation of Unfunded Actuarial Liabilities 116
Amortization of Unfunded Actuarial Accrued Liability 117
Membership Data 118
Historical Membership Data 119

STATISTICAL SECTION

Number of Active, Terminated Vested and Nonvested Members 123
Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits 123
Graph-Number of Active, Terminated Vested and Nonvested Members 123
Graph-Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits 123
Number of Benefit Recipients 124
Graph-Number of Benefit Recipients 124
Benefit Expenses 125
Graph-Benefit Expenses 125

STATISTICAL SECTION (Continued)

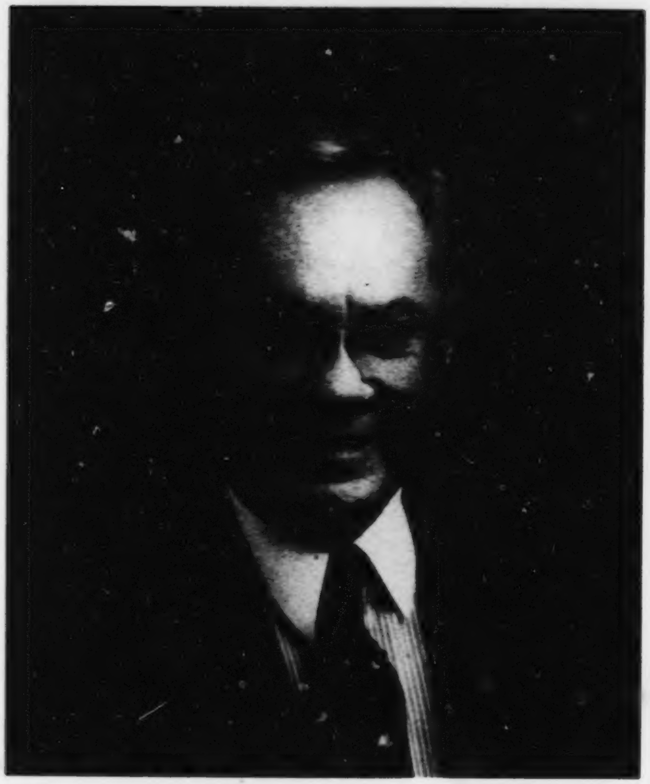
Average Monthly Benefit 126
Number of Refunds of Contributions 126
Number of Staff Positions 126
Revenues By Source 127
Expenses By Type 127
Schedule of Participating Employers 128
Map-State of Louisiana (Total Active Members) 130
Map-Location of TRSL Retirees Worldwide 131

ALTERNATIVE RETIREMENT PLANS

Optional Retirement Plan 134
Deferred Retirement Option Plan 135
Option 5 136

INTRODUCTORY SECTION

TEACHERS' RETIREMENT SYSTEM
OF LOUISIANA
Education a
to Success



James P. Hadley, Jr.
Director

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
8401 United Plaza Boulevard • 70809
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123
Telephone: 504-925-6446
Fax: 504-925-4258

JAMES P. HADLEY, JR.
DIRECTOR

LETTER OF TRANSMITTAL

October 14, 1996

Board of Trustees
Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, LA 70804-9123

Dear Board Members:

The Comprehensive Annual Financial Report of the Teachers' Retirement System of Louisiana (TRSL) for the fiscal year ended June 30, 1996, is submitted as mandated by Louisiana Revised Statutes 11:832(B). This law requires that a report be published annually "showing the fiscal transactions of the retirement system for the preceding school year, the amount of the accumulated cash and securities of the system, and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of the retirement system".

Responsibility for the accuracy of financial statements and all disclosures rests with management. To the best of our knowledge and belief, all information is accurate and has been prepared by the accounting staff in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

The Comprehensive Annual Financial Report is divided into six sections as listed below:

The introductory section contains the letter of transmittal, a listing of the Board of Trustees, a listing of the administrative staff and professional service providers, the System's organizational chart, a plan summary, the Certificate of Achievement for Excellence in Financial Reporting, and a summary of 1995-1996 Legislative Acts.

The financial section is composed of the Independent Auditors' Report, General Purpose Financial Statements, Notes to the Financial Statements, Required Supplementary Information and Supporting Schedules.

The investment section is comprised of a report on investment activity, the Investment Policy, a presentation of the portfolio by investment category, Summary of Investment Transactions, Listing of Investments, Investment Performance Measurements, Annual Rates of Return, a schedule of commissions paid to brokers, Net Earnings on Investments and Average Yield on Bonds Purchased.

The actuarial section contains the actuary's certification letter, a summary of assumptions, actuarial valuation balance sheet and other pertinent actuarial data.

The statistical section displays trend information on selected data, various graphs and a list of employing agencies who remit contributions to the System.

The last section of the report contains information on TRSL's three additional retirement alternatives; the Optional Retirement Plan (ORP), Deferred Retirement Option Plan (DROP) and the Option 5 program.

DEFINITION AND PURPOSE OF THE ENTITY

The Teachers' Retirement System of Louisiana, a defined benefit pension plan, was established by legislation on August 1, 1936, to provide retirement allowances and other benefits for Louisiana teachers. TRSL is governed by a Board of Trustees, and all invested funds, cash and property are held in the name of TRSL for the sole benefit of the membership and retirees.

ECONOMIC CONDITIONS AND OUTLOOK

All eight metropolitan areas in the state showed positive growth last year and should continue to expand in the future, some at a faster pace than others. These projections and those that follow are based upon information contained in the *Louisiana Economic Outlook: 1995 & 1996*, by Loren C. Scott and James A. Richardson, economists at Louisiana State University, and A. M. M. Jamal, an economist at Southeastern Louisiana University.

The construction industry will be a significant source of new jobs as single-family homes, apartments and commercial establishments experience a healthy expansion. The largest single source of new employment will be the service section due to casino operations, health care, and general business services.

Of the eight major Louisiana cities, New Orleans, Lake Charles and Shreveport will experience some of the fastest growth, while Baton Rouge's employment is expected to grow more slowly than most of the other areas. Lafayette and Houma are expected to benefit from increased oil and gas exploration, while Alexandria will benefit from growth in the paper and pulp industry. Monroe is expected to be the slowest metropolitan growth area.

Hopefully, as the economy of the state continues to improve, increasing state revenues will be sufficient to support a strong educational system for the benefit of its citizens. Such an educational system will enhance the recruitment of quality educators by creating an attractive salary structure and providing adequate retirement benefits at the end of productive careers.

TRSL is helping to insure these retirement benefits by quality management of its $8.6 billion in assets which are invested by professional money managers. For the past several years, TRSL has continuously sought innovative ways to enhance returns while protecting capital. TRSL's portfolio managers provide access to both domestic and international markets to insure that the most promising investment opportunities are appropriately utilized by the System.

MAJOR INITIATIVES

For the Year:

The menu of lifetime retirement benefits was expanded on January 1, 1996, to provide members with additional retirement choices. This expansion allows members to: (a) choose to enter the current three-year DROP or (b) take an Option 5 lump-sum payment at retirement and receive an actuarially-adjusted, monthly, lifetime benefit. For more information on this expanded benefit, please refer to page 136 of this report.

The initial steps required to support implementation of the imaging program were completed. New fiber optic cable and a new server were installed to provide the capability for increased transmission speed and data processing. The imaging project has been developed over the past several years and implementation should occur in the next fiscal year.

The review process utilized for selecting a vendor to provide the imaging system reduced the number of potential providers to two firms. Prior to making any recommendation on which vendor to select, TRSL's staff visited two agencies in Texas, an insurance company and another retirement system which utilized the software of the two possible vendors. Upon completion of detailed analysis and fee negotiations, a recommendation for the vendor to be selected will be presented to the Board of Trustees for approval.

As the new millennium approaches, TRSL is preparing to utilize the technology required to operate in tomorrow's world by providing Internet capabilities to the staff. Internet access has been installed on the personal computers of 50 percent of the staff and all staff will have access to the Internet within the next year.

TRSL's Internet web site: http://www.trsl.state.la.us is currently under construction. We anticipate this site will be utilized by employers and members of the System to obtain information on retirement matters and to provide data to other interested parties.

For the first time ever, member statements of contributions were mailed directly to members' home addresses. In the past, member statements were mailed to the employers who then distributed the statements to the members. We are able to mail statements to members' homes because of efforts by our staff and employers to obtain current mailing addresses. The employers provided us with computer tapes reflecting employees' addresses. The TRSL staff then combined the information with our records and effected a computer match with the records maintained by the Department of Motor Vehicles. Additionally, TRSL included a request for address correction in the various newsletters sent to retirees, active members and employers. The first mailing of statements to home addresses occurred in July 1996.

In a continuance of the Texaco Settlement with the State, TRSL received $29.2 million as the third installment of approved royalty payments. The cumulative total of payments received by TRSL stands at $135.5 million. The receipts from this settlement of a long-standing mineral royalty dispute between Texaco and the State of Louisiana are applied against the unfunded liability of the System.

For the Future:

TRSL will inaugurate its pilot program for imaging in the next fiscal year. The initial areas to be affected are enrollments and refunds. In preparation for this pilot, six new 19-inch monitors were installed to allow the technicians to view multiple screens simultaneously. Staff will be able to verify pertinent information while concurrently keying in the document or data to be imaged.

TRSL's efforts to expand the retiree payroll deduction program will continue. TRSL retirees, beneficiaries or survivors will be eligible to participate in a program allowing voluntary deductions from retirement benefits for direct payment of life, health, supplemental, dental, cancer and other insurance premiums, savings, and loans. TRSL will send these payments directly to the appropriate recipients. These deductions will be in addition to the present deductions made through the State Employees' Group Benefits Program. New computer programs and applicable procedures are being written to implement this enhancement.

SERVICE EFFORTS AND ACCOMPLISHMENTS

In reviewing the work and level of performance last year, TRSL has many reasons to be justifiably proud. Although not every single aspect of member service can be mentioned, statistics on the major areas that directly impact our membership are provided.

Last fiscal year, TRSL paid retirees, survivors, and beneficiaries approximately $570 million in benefits. A total of 466,678 checks and electronic fund transfers were disbursed for these retirement benefits. In addition, distributions totaling $28,204,117 were made to participants in the Deferred Retirement Option Plan and Option 5 program.

The average monthly benefit of a retiree at the end of the fiscal year (June 1996), was $1,173, an increase of 5 percent from the June 1995 benefit of $1,112. The average monthly withdrawal for the DROP retiree was $534, an increase of 2 percent from the June 1995 benefit of $523. A total of 357 DROP recipients chose rollover provisions to transfer their funds into an I.R.A. or qualified plan rather than receive a monthly withdrawal.

Refunds were issued to 4,160 members and beneficiaries of deceased members. Of this number, 841 used rollover provisions to shelter contributions.

Although the vast majority of our members who are terminating employment and not retiring elect to receive a refund of their contributions, a significant number leave their money with the System. State statutes provide that individuals become ex-members of the System after five years. The staff attempts to locate those who have not received a refund of contributions. Since a great many ex-members are difficult to locate, contributions remain unclaimed. At the beginning of the fiscal year, TRSL had over 5,400 members who had unclaimed balances. In April of 1996, TRSL entered into an agreement with the Credit Bureau of Baton Rouge to utilize their D-TEK software to access current and former home addresses of individuals throughout the United States. The results of this effort have been truly remarkable, with over 1,500 of our "lost" members being located and refunded a total of over $350,000. One individual that we had been unable to locate for 23 years was located and contributions refunded. At the end of this fiscal year, there are 3,891 individuals in ex-member status and during fiscal year 1996-1997, we intend to also use the Internet to assist in locating these individuals.

During the year, 2,112 members received individual counseling on the various retirement options, including the DROP and Option 5 program. Cost computations for service purchases were requested by 1,705 members and 3,892 calculations of estimated retirement benefits were completed during the fiscal year. A total of 2,678 members retired and 1,949 members entered DROP during the fiscal year.

Since retirement is a major life event and requires serious preparation, TRSL conducts pre-retirement workshops throughout the state to assist our members in understanding and selecting their retirement choices. Last fiscal year, our two retirement field representatives held 89 workshops attended by over 4,000 members. Topics covered a wide spectrum of retirement, tax planning and estate issues.

The effort required to support TRSL members is partially reflected by reviewing the number of documents that required processing. Last year, our staff processed 7,477 enrollments of new members, 6,146 changes of employment, 4,698 changes of beneficiaries, and 1,422 name changes due to marriage or divorce. There were 20,011 corrections to the monthly employer contribution reports. Earnings limits were computed for 3,762 retirees who returned to the teaching profession under the various laws which govern earnings after retirement. A total of 13,811 transactions were entered into the computer for the retiree benefits and DROP payments. These transactions involved address changes, federal withholding changes, federal tax levies, child support orders, bankruptcy papers, divorce decrees, and bank forms.

Another indication of support to members is the number of incoming and outgoing phone calls for retirement-related business. This fiscal year, this number exceeded 169,800. Approximately 3,500 members visited TRSL's office to speak with staff and to obtain information on retirement planning, refund of contributions, tax withholding or benefit options.

During the year, TRSL's mail room processed 112,655 pieces of incoming mail from members. In response to staff's needs, 34,511 files were pulled and 41,956 items of correspondence were filed in folders. There were 508 requests for research of microfilmed records. An estimated 680,000 pieces of correspondence were mailed to members, employing agencies and retirees. Over 9,000 messages were faxed to members or employers concerning retirement related matters.

TRSL prints its own forms in order to facilitate the processing of data vital to the membership. TRSL processed 206 print jobs totaling over 390,000 forms during the year.

TRSL continued its efforts to keep the membership informed on retirement issues. During the fiscal year, TRSL revised most of its informational pamphlets and handbooks addressing such topics as service eligibility and benefit computation, the Deferred Retirement Option Plan, the Optional Retirement Plan, disability and survivor benefits, and return to work provisions. A brochure was also published on the lump-sum distribution available in the new Option 5 program. An expanded newsletter was also created to provide our retirees with current information, and we continued to publish newsletters for active members and employing agencies. Copies of TRSL's annual report were distributed to employing agencies, the senate and house retirement committees, the legislative auditor's office, financial institutions, investment managers and other interested parties.

TRSL staff traveled almost 30,000 miles throughout the state using agency vehicles without a single accident. TRSL is indeed proud of this safety record.

TRSL's investment department was a hub of activity throughout the year. Over 13,700 individual stock trades were executed by staff, an average of over 1,100 trades per month. Each month, TRSL purchases in excess of 8 million shares of stock and sells over 7 million shares of stock.

CONTROLS

In accordance with management's goals and policies, TRSL maintains a system of internal controls that provides reasonable assurance that all assets are properly safeguarded, that all resources have been efficiently and economically employed, and that all financial information is reliable and accurate. TRSL utilizes advanced computer technology, places emphasis on continuing education for its staff, and employs numerous checks and balances within the control environment to achieve these objectives. An operating budget for the administrative expenses is prepared each year subject to the approval of the Board of Trustees. Any changes to the budget document during the year must receive the approval of the Board. The Board reviews expenditures and budget balances quarterly.

ADDITIONS TO PLAN NET ASSETS

TRSL had revenues of $1,576,847,082 for fiscal year 1996, an increase of $56,524,377 or 4 percent over the prior year. Revenues were derived from member and employer contributions, investment earnings, the Texaco Settlement fund, and state general fund appropriations for supplementary benefits for retirees. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. All funds are maintained for the exclusive benefit of the members for both current and future entitlements.

The main increase in revenue was due to the performance of the investment portfolio.

	1996	1995	Increase (Decrease) Amount	Increase (Decrease) Percentage
Member Contributions	$ 182,144,749	$ 177,820,544	$ 4,324,205	2%
Employer Contributions	372,728,942	356,662,854	16,066,088	5%
ORP Contributions Retained	21,197,751	18,674,063	2,523,688	14%
Mineral Revenue Audit and Settlement Receipts	29,175,475	29,175,481	(6)	0%
Casino Gaming Proceeds	0	19,322,208	(19,322,208)	(100%)
Net Investment Income	970,634,468	918,349,650	52,284,818	6%
Other Operating Revenues	965,697	317,905	647,792	204%
Total	$1,576,847,082	$1,520,322,705	$56,524,377	4%

DEDUCTIONS FROM PLAN NET ASSETS

Expenses totaled $621,977,293 in fiscal year 1996, an increase of $67,248,065 or 12 percent over fiscal year 1995. The major expenses were benefits paid to retirees and expenses incurred for professional, external management of the investment portfolio.

	1996	1995	Increase (Decrease) Amount	Increase (Decrease) Percentage
Retirement Benefits	$597,840,991	$530,786,764	$67,054,227	13%
Refunds of Contributions	18,536,343	18,708,082	(171,739)	(1%)
Administrative Expenses	5,208,861	4,859,492	349,369	7%
Depreciation Expense	391,098	374,890	16,208	4%
Total	$621,977,293	$554,729,228	$67,248,065	12%

FUNDING

The actuary determines the annual funding requirements needed to meet current and future benefit requirements. Elements that comprise actuarial contributions are normal cost and amortization of the unfunded accrued liability. Employers are required to pay a percentage of the normal cost plus an amount sufficient to amortize the unfunded liability. The required contribution is converted to a percentage of payroll.

The employer contribution rate established by the Public Retirement Systems' Actuarial Forecast Committee was 16.5 percent for 1995-1996 and will be 16.3 percent for 1996-1997. The member contribution rate for both years remained 8 percent.

At June 30, 1996, the last valuation date, the System was 61.4 percent funded as compared to 59.4 percent funded at June 30, 1995.

FIDUCIARY RESPONSIBILITY

The best interest of the membership is paramount to the retirement trust and all duties by the Board and management are performed in accordance with their fiduciary responsibility. There can be no conflict of interest concerning the membership; the highest standards of ethical management must be met; assets must be managed prudently, and the best legal and investment expertise must be employed in allocating the use of funds.

CASH MANAGEMENT

TRSL's cash management program is designed to achieve the fastest possible utilization of cash receipts in order to enhance the earnings potential of the System. This program is also designed to control and manage disbursements in a manner that is economically beneficial to the System and its members.

In order to accelerate receipt of contributions from the employing agencies, TRSL promotes wire transfers directly to the System's bank account. For those employers who do not wire funds, TRSL provides self-addressed, bar-coded envelopes to reduce mail and processing time. Individual checks received from members at the TRSL office are deposited daily.

Disbursement procedures, designed to lengthen float and minimize idle cash, range from overnight investments to a zero-balance concentration account structure. These services are applicable to the retirement payroll bank account. The investment department maximizes returns on cash balances by purchasing high-quality, short-term instruments through money market accounts, U.S. Treasury securities, repurchase agreements, commercial paper and bank certificates of deposit.

Debit programs are in place to retrieve funds transferred to retirees' bank accounts after their deaths. The System is also capable of placing stop payments on checks via computer by using software.

TRSL continues to search for new and innovative methods to control and manage its cash.

INVESTMENTS

As the state's largest public retirement system, TRSL manages a total of $7.7 billion in trust for pension benefits.

With a portfolio of this size, diversification to reduce risk is evident in every area of our investments. TRSL utilizes both domestic and foreign stocks and bonds, futures and options, mortgages, real estate trusts, lending of securities and short-term investments. Diversification is fine-tuned even further by breaking down the previously mentioned categories into both growth and income stocks, corporate bonds, U.S. Treasuries, Ginnie Maes, etc. For a complete listing of individual investments, please refer to pages 57 to 104. The Investment Policy of this System can be found on pages 51 to 55.

INDEPENDENT AUDIT

A financial and compliance audit is performed each year by an independent certified public accounting firm. The current auditors are Hawthorn, Waymouth & Carroll L.L.P. located in Baton Rouge, Louisiana. The audit of the financial statements is performed in accordance with generally accepted auditing standards and *Government Auditing Standards* as issued by the Comptroller General of the United States.

AWARDS

For the fifth consecutive year, the Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers' Retirement System of Louisiana for its comprehensive annual financial report for the fiscal year ended June 30, 1995. The Certificate of Achievement is the highest form of recognition in the arena of public employee retirement systems accounting and financial reporting, and its attainment represents a significant accomplishment by TRSL's staff.

As a Certificate of Achievement is valid for only one year, we are submitting this report to GFOA for consideration for this fiscal year's award. We believe our current report continues to conform to the Certificate of Achievement program requirements.

TRSL is also justifiably proud of the civic award received this past year for contributions made by our staff to the community. The System was presented the first place award by the March of Dimes/Walk America for donating the largest amount of money per capita in the state government category. Our employees donated their time and talents to successfully raising over $2,100. This money will be used for research to eliminate birth defects.

ACKNOWLEDGEMENTS

TRSL is indeed fortunate to have as members of the Board of Trustees men and women who possess the highest degree of ethics, devotion to duty and dedication to provide the membership with just benefits. These individuals do not take their responsibility as stewards of this System lightly and devote a great deal of time and effort to insure the System functions at peak efficiency. To the Board, we express our sincere appreciation for this stewardship and for the unwavering support of its staff.

We also acknowledge and thank our hardworking staff who serve the TRSL membership in an effective, timely and professional manner. A special thanks to the personnel of our accounting and investment departments who have labored to make this annual report possible.

Sincerely,

JPHadley
James P. Hadley, Jr.
Director

Dolores Simmons
Dolores Simmons
Accountant Administrator

BOARD OF TRUSTEES

Thomas W. McCall
Board Chairman
Grand Chenier, Louisiana
Superintendents
Term expires 12/31/98

James T. Stewart
Board Vice Chairman
Pineville, Louisiana
6th District
Term expires 12/31/96

Lawrence J. Moody, Jr.
Harvey, Louisiana
1st District
Term expires 12/31/98

Jacquelyn H. Shiloh
New Orleans, Louisiana
2nd District
Term expires 12/31/99

Clyde F. Hamner
Houma, Louisiana
3rd District
Term expires 12/31/99

S. L. Slack
Shreveport, Louisiana
4th District
Term expires 12/31/99

Lorraine H. Slacks
Monroe, Louisiana
5th District
Term expires 12/31/96

Sheryl R. Abshire
Lake Charles, Louisiana
7th District
Term expires 12/31/98

Jerry J. Baudin, Ph.D.
Baton Rouge, Louisiana
Colleges & Universities
Term expires 12/31/98

Anne H. Baker
Baton Rouge, Louisiana
Retired Teachers
Term expires 12/31/97

William C. Baker, Ed.D.
Baton Rouge, Louisiana
Retired Teachers
Term expires 12/31/98

Sybie T. Jones
Alexandria, Louisiana
School Food Service Workers
Term expires 12/31/97

EX OFFICIO MEMBERS

Honorable Cecil J. Picard
State Superintendent of Education

Honorable Kenneth A. Duncan
State Treasurer

Honorable Victor T. Stelly
Chairman, House Retirement Committee

Honorable Francis C. Heitmeier
Chairman, Senate Retirement Committee

ADMINISTRATIVE STAFF

James P. Hadley, Jr.
Director

Bonita B. Brown, CPA
Assistant Director

Graig A. Luscombe
Assistant Director

William T. Reeves, Jr.
General Counsel

Liz Guidry-Saizan
Executive Secretary

Dolores Simmons
Accountant Administrator

Sally Cook, CPA
Audit Supervisor

Maurice Winker
Information Systems Center Manager

Jennifer Netterville
Investment Officer

Evelyn Sistrunk
Retirement Benefits Manager

Todd Daigle
Administrative Manager

Clany Soileau
Communications Director

Doris Dumas
Education Field Manager

Trudy Adrian
Human Resource Director

PROFESSIONAL CONSULTANTS

ACTUARY

Hall Actuarial Associates
1433 Hideaway Court
Baton Rouge, LA 70806

AUDITOR

Hawthorn, Waymouth & Carroll L.L.P.
Certified Public Accountants
Suite 200
8555 United Plaza Boulevard
Baton Rouge, LA 70809

TAX ACCOUNTANT

Postlethwaite & Netterville, APAC
Certified Public Accountants
Suite 1001
8550 United Plaza Boulevard
Baton Rouge, LA 70809

LEGAL CONSULTANT

Law Offices of Randy P. Zinna
8732 Quarters Lake Road
Baton Rouge, LA 70809

MEDICAL EXAMINERS

Richard Burroughs, M.D.
Medical Director, Cancer Service
Baton Rouge General Medical Center
Post Office Box 2511
Baton Rouge, LA 70806-2511

Jack Clayton, M.D.
5425 Brittany Drive
Baton Rouge, LA 70808

N. James Doll, M.D.
Suite 312
7777 Hennessy Boulevard
Baton Rouge, LA 70808

Herbert R. Dyer, Jr., M.D.
8415 Goodwood Boulevard
Baton Rouge, LA 70806

Richard H. Gold, M.D.
Suite 709
7777 Hennessy Boulevard
Baton Rouge, LA 70808

Anthony Ioppolo, M.D.
Suite 10000
7777 Hennessy Boulevard
Baton Rouge, LA 70808

Herbert K. Plauche, M.D.
7443 Picardy Avenue
Baton Rouge, LA 70808

H. Guy Riche', Jr., M.D.
Suite 319
929 Government Street
Baton Rouge, LA 70802

Ginger Shows, M.D.
Suite 105
7777 Hennessy Boulevard
Baton Rouge, LA 70808

Lawrence D. Wade, M.D.
Suite 1-C
3060 Valley Creek Drive
Baton Rouge, LA 70808

William R. Williamson, M.D.
550 Connell's Park Lane
Baton Rouge, LA 70806

DOMESTIC FIXED INCOME ADVISORS

Boatmen's Trust Company
100 North Broadway
St. Louis, MO 63101

Nicholas-Applegate Capital Management
Suite 1100
1990 Post Oak Boulevard
Houston, TX 77056-3890

Trust Company of the West
Suite 1800
865 South Figueroa Street
Los Angeles, CA 90017

Wellington Management Company
Suite 3150
1201 West Peachtree Street
Atlanta, GA 30309

DOMESTIC EQUITY ADVISORS

Brinson Partners, Incorporated
Suite 113
209 South LaSalle Street
Chicago, IL 60604-1295

The Boston Company Institutional Investors
13th Floor
One Boston Place - 024013A
Boston, MA 02108

Furman Selz Capital Management, Incorporated
10th Floor
230 Park Avenue
New York, NY 10169

Harris Bretall Sullivan & Smith
Suite 3300
One Sansome Street
San Francisco, CA 94104

Liberty Investment Management
Suite 500
2502 Rocky Point Drive
Tampa, FL 33607

Loomis Sayles
Suite 200
2001 Pennsylvania Avenue NW
Washington, DC 20006

MacKay Shields
37th Floor
9 West 57th Street
New York, NY 10019

Mitchell Hutchins Institutional Investors Incorporated
1285 Avenue of the Americas
New York, NY 10019

STI Capital Management
Post Office Box 3786
Orlando, FL 32802

SMALL-MID CAP ADVISORS

Bankers Trust Company of the Southwest
35th Floor
One Bankers Trust Plaza
New York, NY 10006

Fleet Financial Group Incorporated
75 State Street
Boston, MA 02109

G. D. Bjurman & Associates
Suite 550
14785 Preston Road
Dallas, TX 75240

Mississippi Valley Advisors
One Mercantile Center
Post Office Box 387
St. Louis, MO 63166-0387

NM Capital Management Incorporated
6501 Americas Parkway NE
Albuquerque, NM 87110-5372

Scudder, Stevens & Clark
26th Floor
345 Park Avenue
New York, NY 10154

PROFESSIONAL CONSULTANTS (Continued)

SMALL-MID CAP ADVISORS (Continued)

The Boston Company
14th Floor
One Boston Place
Boston, MA 02108-4402

Trust Company of the West
865 South Figueroa Street
Los Angeles, CA 90017

Wellington Management Company
75 State Street
Boston, MA 02109

GLOBAL FIXED INCOME ADVISORS

Rogge Global Partners, Incorporated
Suite 12
1720 Post Road East
Westport, CT 06880

Scudder, Stevens & Clark
Two International Place
Boston, MA 02110-4103

Strategic Fixed Income
Suite 1720
1001 19th Street North
Arlington, VA 22209

INTERNATIONAL EQUITY ADVISORS

Scudder, Stevens & Clark
345 Park Avenue
New York, NY 10154-0010

Smith Barney Incorporated
25th Floor
388 Greenwich Street
New York, NY 10013

WorldInvest Limited
25th Floor
780 Third Avenue
New York, NY 10017

SECURITIES LENDING ADVISORS

Boston Global Advisors Incorporated
50 Rowes Wharf
Boston, MA 02110

Custodial Trust Company
101 Carnegie Center
Princeton, NJ 08540-6231

Euro Brokers Incorporated
Suite 8400
Two World Trade Center
New York, NY 10048-0697

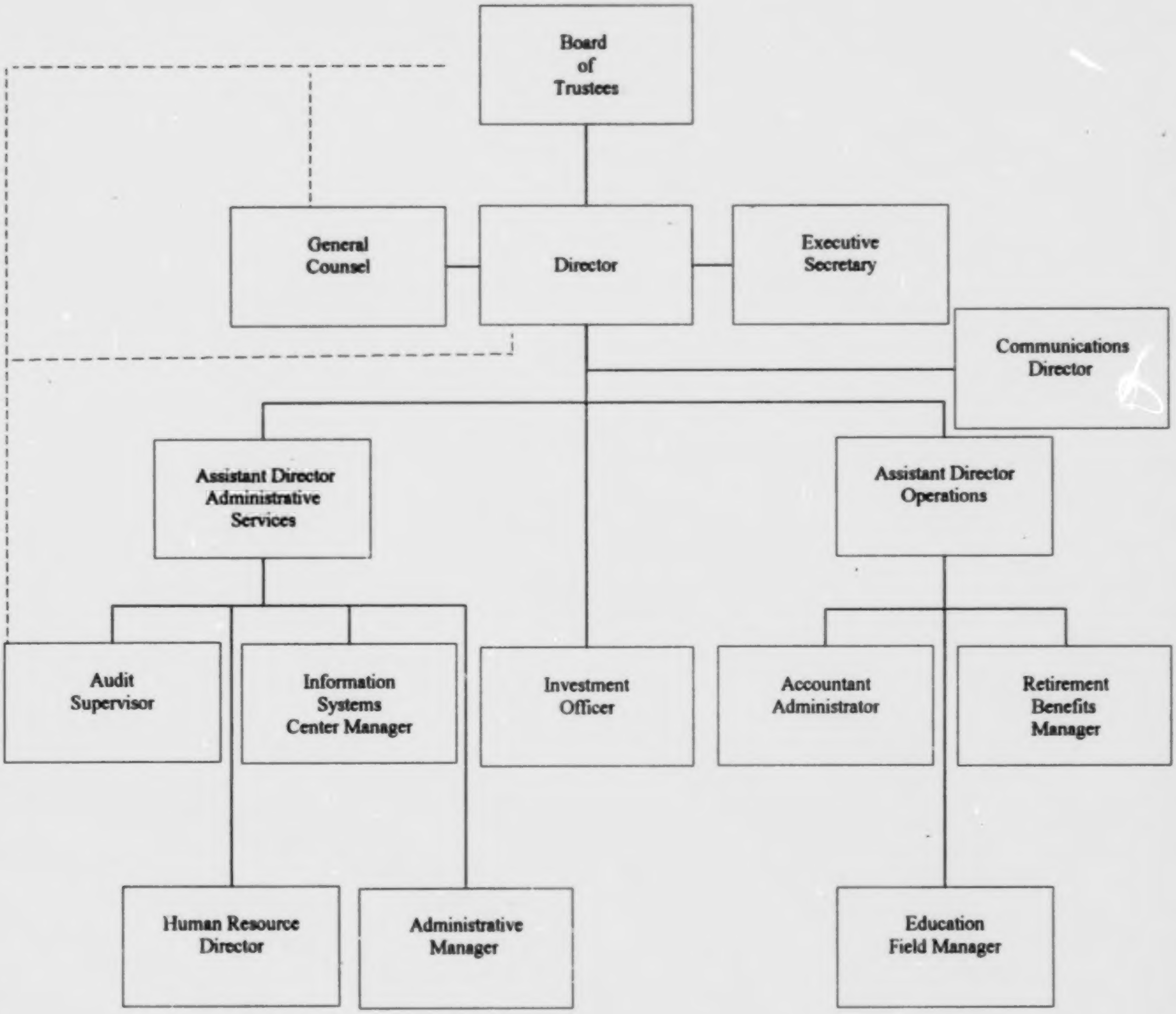
DOMESTIC CUSTODIAN

City National Bank
Post Office Drawer 1231
Baton Rouge, LA 70821

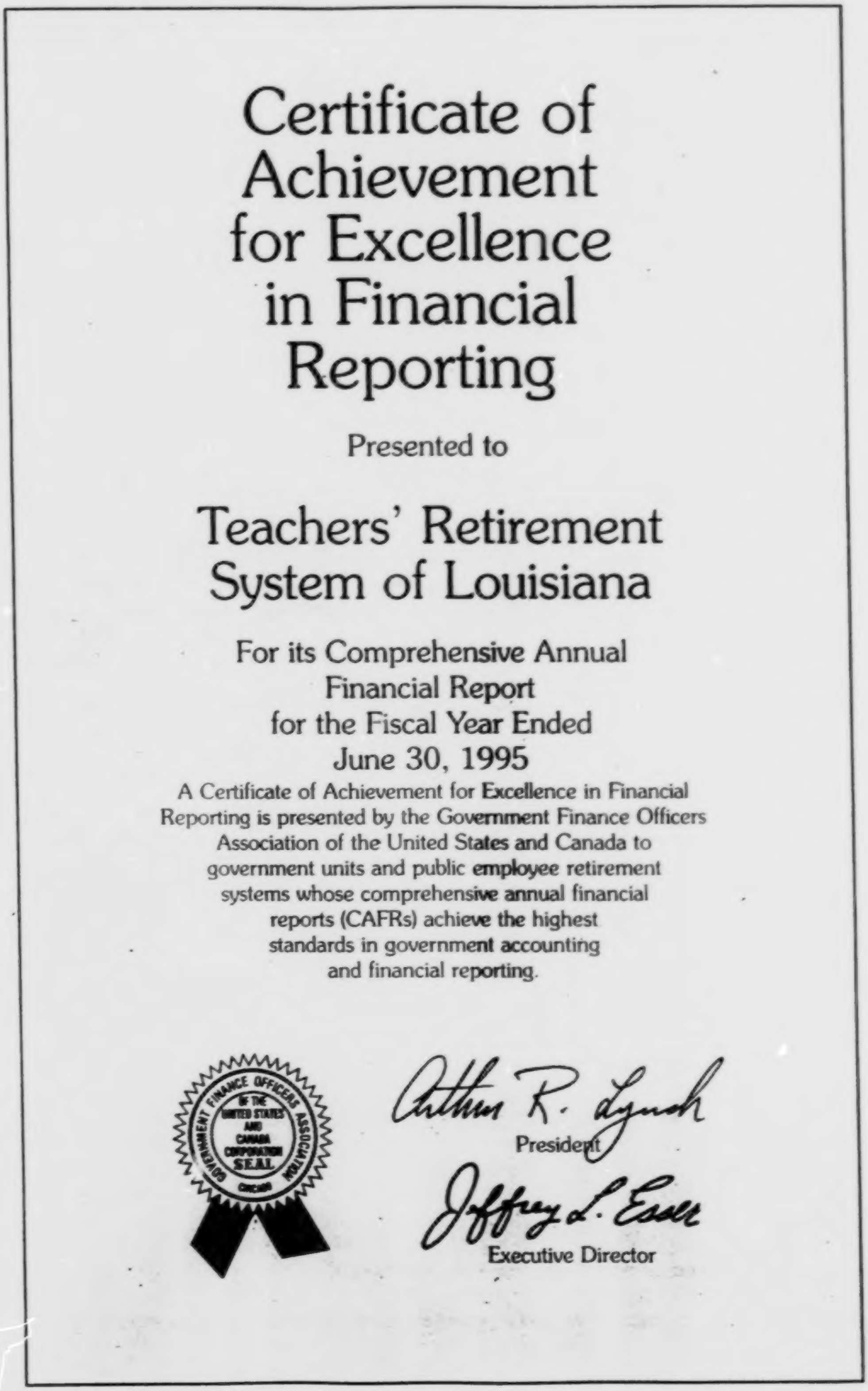
GLOBAL CUSTODIAN

The Chase Manhattan Bank
18th Floor
4 Chase MetroTech Center
Brooklyn, NY 11245

ORGANIZATIONAL CHART


Board of Trustees
General Counsel
Director
Executive Secretary
Communications Director
Assistant Director Administrative Services
Assistant Director Operations
Audit Supervisor
Information Systems Center Manager
Investment Officer
Accountant Administrator
Retirement Benefits Manager
Human Resource Director
Administrative Manager
Education Field Manager

18



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement System of Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1995

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Arthur R. Lynch
President

Jeffrey L. Esser
Executive Director

SUMMARY OF 1995-1996 LEGISLATIVE ACTS

The following is a brief synopsis of 1995 legislative action which affects members of Teachers' Retirement System of Louisiana.

A. TEACHERS' RETIREMENT SYSTEM OF LOUISIANA - TITLE 11

1. **Act 131 of 1995 [Amends and Reenacts R.S. 11:153(D)(1)]**

   This Act allows members of a public retirement system to purchase full-time active duty service in the U.S. Armed Forces by members of the State National Guard or reserve forces if the service is longer than twenty-one days, but not more than four years.

   Effective Date - August 15, 1995.

2. **Act 132 of 1995 [Enacts R.S. 11:272(D)]**

   This Act allows a member who had ten years of service credit on January 1, 1982, to be eligible for an early retirement regardless of age, but with an actuarial reduction.

   Effective Date - August 15, 1995.

3. **Act 207 of 1995 [Enacts R.S. 11:739]**

   This Act allows a retiree with a master's degree, plus thirty graduate hours and thirty years of teaching experience, to be employed at an institution of higher education for up to six hours per week not to exceed one academic course and its lab, without suspension of benefits.

   Effective Date - June 14, 1995.

4. **Act 271 of 1995 [Amends and Reenacts R.S. 44:16]**

   This Act exempts certain information in the records of retirees and DROP participants from the public records law.

   Effective Date - July 1, 1995.

5. **Act 549 of 1995 [Amends and Reenacts R.S. 43:31(A)(1), (D), and (F), and Enacts R.S. 43:31(A)(4)]**

   This Act expands the list of agencies required to adhere to the state printing regulations. It does not include retirement systems.

   Effective Date - August 15, 1995.

6. **Act 567 of 1995 [Amends and Reenacts R.S. 11:707 and 791(A)(1) and Repeals R.S. 11:710]**

   This Act allows TRSL retirees to be employed without a benefit reduction in any employment other than employment covered by the teachers' system or by or within the Department of Education as defined by Title 36 of the Louisiana Revised Statutes.

   Effective Date - July 1, 1995.

7. **Act 665 of 1995 [Amends and Reenacts R.S. 11:783(D)]**

   This Act adds Option 4 and 4A to those retirees who divorce and want to delete their ex-spouse as a beneficiary.

   Effective Date - June 21, 1995.

SUMMARY OF 1995-1996 LEGISLATIVE ACTS (Continued)

8. **Act 753 of 1995 [Amends and Reenacts R.S. 11:158(C)(2) and 191(B)]**

   This Act allows the actuary to modify assumptions to reflect the effects of anti-selection in the purchase of service credit. It also allows the purchase of dual employment service credit.

   Effective Date - August 15, 1995.

9. **Act 861 of 1995 [Amends and Reenacts R.S. 11:730(A), (B), and (C) and 731(A)(1), (2), and (3)]**

   This Act allows the School Employees' Retirement System to pay a portion of the interest required for transfers by teacher aids and school nurses.

   Effective Date - August 15, 1995.

10. **Act 866 of 1995 [Enacts R.S. 11:266]**

    This Act requires that investment performance reports submitted by investment managers and advisors hired on or after January 1, 1996, must comply with AIMR Performance Presentation Standards.

    Effective Date - December 31, 1995.

11. **Act 961 of 1995 [Amends and Reenacts R.S. 11:159, 1312(C) and R.S. 24:36(G)]**

    This Act provides that membership in a public retirement system is optional for the Commissioner of Higher Education.

    Effective Date - June 30, 1995.

12. **Act 1017 of 1995 [Amends and Reenacts R.S. 11:241]**

    This Act provides a COLA formula for those systems who do not have one.

    Effective Date - June 29, 1995.

13. **Act 1110 of 1995 [Amends and Reenacts R.S. 11:155, 446(A), 447(A) and (C), 450(D), 451, 783(A), (D), (G) and (I), 789(D)(1), 790, 1152(A), (C), (J)(1) and (K), 1312(C), (D) and the introductory paragraph of (J), and Enacts R.S. 11:786(E), 1150(B)(5) and 1307(E)]**

    This Act provides Option 5 for TRSL. It provides a lump-sum benefit, plus reduced monthly benefits. It cannot be taken if the member participated in DROP or chooses Option 1. It allows extension of DROP participation to certain persons participating in the three-year plan on June 30, 1995, but who were not eligible for the full three-year period. It also allows conversion of unused sick and annual leave earned during DROP participation. The person must be working on January 1, 1996 to be eligible for the conversion.

    Effective Date - January 1, 1996, except Section 786 (DROP participants) is effective June 30, 1995.

14. **Act 1112 of 1995 [Amends and Reenacts R.S. 11:143(A), (B), (C), and (D)(1) and (2), 145, 158(C)(2), and 1921(A)(3)(b), and R.S. 24:36(C)(1) and Enacts R.S. 11:444(C)(11)]**

    This Act makes certain changes concerning transfers between retirement systems. It allows persons to transfer to the last system to which they contributed. If a person has less than six months of concurrent service, it is canceled and the funds are transferred to the receiving system. It also changes the amount of funds transferred as follows:

SUMMARY OF 1995-1996 LEGISLATIVE ACTS (Continued)

The lesser of:

1. the actuarial cost to the receiving system or employee contributions if greater;
2. employee and employer contributions, plus interest at board-approved actuarial rate.

Effective Date - August 15, 1995.

15. **Act 1239 of 1995 [Amends and Reenacts R.S. 11:928]**

This Act states that an ORP participant who leaves higher education and who goes to work in another position covered by TRSL, must continue to participate in ORP.

Effective Date - August 15, 1995.

16. **Act 1268 of 1995 [Amends and Reenacts R.S. 11:701(24)]**

This Act states that if a competent court establishes that persons separated by judgment are reconciled, they will be considered spouses for retirement system purposes.

Effective Date - June 29, 1995.

B. 1995 LEGISLATION AFFECTING STATE AND STATEWIDE SYSTEMS - TITLE 11

1. **Act 142 of 1995 [Enacts R.S. 11:792]**

This Act authorizes TRSL to promulgate rules and regulations to permit the irrevocable renunciation of a retirement benefit or allowance.

Effective Date - July 1, 1995.

2. **Act 143 of 1995 [Amends and Reenacts R.S. 11:737(B) and (C)]**

This Act deletes the requirement that a retiree who returns to work must notify TRSL and deletes retiree liability if the employer does not report the reemployment to TRSL.

Effective Date - July 1, 1995.

3. **Act 571 of 1995 [Amends and Reenacts R.S. 11:762(F), 781(A), and 783(A) and Enacts R.S. 11:701(28)]**

This Act provides that refunds or payments of accumulated contributions may only be paid to a natural person(s) or the member's estate and that monthly benefits may only be paid to a natural person. It does not affect trust payments for surviving children.

Effective Date - July 1, 1995.

4. **Act 572 of 1995 [Amends and Reenacts R.S. 11:721 and 779]**

This Act removes age as a membership factor and changes the computation of disability retirement benefits to a 2½ percent formula for all disability retirees. It provides a maximum and a minimum benefit. It provides survivor benefits for surviving spouses and surviving minor children. Deletes provision requiring individuals to be less than sixty years of age in order to be eligible for TRSL membership. The disability benefit provisions apply to members applying for disability retirement on or after January 1, 1996.

Effective Date - July 1, 1995.

SUMMARY OF 1995-1996 LEGISLATIVE ACTS (Continued)

5. **Act 577 of 1995 [Amends and Reenacts R.S. 11:701(5) and 803(B) and Repeals R.S. 11:231(A)(3)]**

This Act defines average compensation for TRSL. It limits average compensation for benefit computation purposes to a true 10 percent increase in each year of the member's highest 36 months of earnings. The limit does not apply to increases by Legislative Acts or city/parish system-wide increases, or system-wide increases at a college or university. It provides that a 25 percent limit will apply for the 12 months during which a classroom teacher changes employment to that of a classroom teacher in another parish. It limits school food service workers' benefits to 100 percent of average compensation.

Effective Date - July 1, 1995.

6. **Act 586 of 1995 [Amends and Reenacts R.S. 11:784(B)(2) and Enacts R.S. 11:784(B)(3), 785.1, 792 and 927(D)]**

This Act adds the new federal rollover provisions and federal requirements for transfers to the law governing TRSL. It adds annual compensation limits for the determination of benefits and provides for spousal consent for benefits other than a qualified joint and survivor benefit.

Effective Date - July 1, 1995.

7. **Act 592 of 1995**

This Act makes technical changes to the following:

a. Repeals R.S. 11:874, which allows members to pay "extra" contributions and receive a separate annuity.
b. Amends R.S. 11:885(7) to require the employer to pay the full employer contributions (required by federal law).
c. Amends R.S. 11:783(C) for cost-of-living increases to include Option 4A.
d. Amends R.S. 11:783(G) to include the A option.
e. Amends the DROP eligibility requirements [R.S. 11:786(A) and (B)] to include the regular retirement requirements for food service employees.
f. Adds language to R.S. 11:701(8) stating that no more than one year of service credit can be obtained during any one fiscal year.
g. Clarifies R.S. 11:780(E) to show that service credit while on disability is for eligibility only.
h. Adds R.S. 11:291 (splitting community property benefits) to R.S. 11:704 as an exception to the anti-alienation statute.
i. Amends R.S. 11:291(D) and (E) to clarify community property interest by deleting partition agreements.
j. Clarifies R.S. 11:701(5) concerning thirty-six months for average compensation.
k. Clarifies R.S. 11:762(A) concerning payment date for survivor benefits.
l. Clarifies R.S. 11:781(A) concerning payment of refunds.
m. Adds all options to R.S. 11:783(I) for mentally retarded beneficiaries.
n. Amends R.S. 11:783(H) to clarify the payment of benefits when there is no surviving spouse.
o. Repeals R.S. 11:291(C) which is not needed.
p. Repeals R.S. 11:751 and 767 which dealt with mandatory retirement.

Effective Date - July 1, 1995.

PLAN SUMMARY

Teachers' Retirement System of Louisiana (the "System") was established August 1, 1936, to provide members with a retirement allowance. On July 1, 1971, the Orleans Teachers' Retirement Fund merged into the Teachers' Retirement System of Louisiana. On January 1, 1979, members of the Louisiana State University Retirement System were transferred to both the Teachers' Retirement System of Louisiana and the Louisiana State Employees' Retirement System. On July 1, 1983, Louisiana School Lunch Employees' Retirement System was merged into this System. The Louisiana School Lunch Employees' Retirement System contained two plans: Plan A - for members who are employed by the school system and who are not covered by the Social Security system; and Plan B - for members who are employed by the school system and who are covered by the Social Security system.

BENEFIT PROVISIONS

A. ELIGIBILITY REQUIREMENTS

The System provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits.

Those employees who meet the legal definition of "teacher" are eligible for membership. Louisiana Revised Statutes 11:701(23)(a) states:

"... any employee of a city or parish school board, parish or city superintendent, or assistant superintendent of public schools, president, vice president, dean, teacher, guidance counselor, or an unclassified employee at any state college or university or any vocational-technical school or institution or special school under the control of the State Board of Elementary and Secondary Education, or any educational institution supported by and under the control of the state or any parish school board, full-time unclassified employees of boards created by Article VIII of the Constitution of Louisiana who became employed on or after July 1, 1991, provided that such persons employed on and after July 1, 1991, who are members of the Louisiana State Employees' Retirement System shall remain members of the Louisiana State Employees' Retirement System, the president and staff of the Louisiana Federation of Teachers who were members of the Teachers' Retirement System prior to such employment, the president or secretary and staff of the Louisiana Association of Educators, employees of the Teachers' Retirement System of Louisiana, provided that persons employed by the Teachers' Retirement System on and after July 1, 1991, who are members of the Louisiana State Employees' Retirement System shall remain members of the Louisiana State Employees' Retirement System, the director and staff of the Associated Professional Educators of Louisiana, and the secretary and staff of the Louisiana High School Athletic Association. For purposes hereof, staff personnel involved in the administration of a health and welfare program for the benefit of employees of a school board, which program is coordinated by the school board and a teacher association, and which staff personnel are so designated by the school board, shall be considered to be employees of the school board provided that such employees were previously members of this system. In all cases of doubt, the board of trustees shall determine whether any person is a teacher within the scope of the definition herein set forth."

B. RETIREMENT BENEFITS

A member who retires at or after a certain minimum age and years of service is entitled to a monthly retirement benefit payable for life or the joint lives of the member and beneficiary. The benefit formula to calculate the benefit is based on a percentage of the member's average salary for the thirty-six highest successive months.

TEACHERS' REGULAR PLAN

Service retirements are granted when the following eligibility requirements are met:

Years Service	Minimum Age	Formula Percentage
10	60	2%
20	Any Age	2%
25	55	2-1/2%
30	Any Age	2-1/2%
20	65	2-1/2%

PLAN SUMMARY (Continued)

TEACHERS' PLAN A

Years Service	Minimum Age	Formula Percentage
10*	60	3%
25	55	3%
30	Any Age	3%

*Less than ten years at age seventy if member entered School Lunch Employees' Retirement System when parish withdrew from Social Security.

Members of Plan A, who did not contribute to retirement until their employing agencies withdrew from Social Security coverage, will receive one percent for those years plus $24 per year for each year that retirement was not paid and three percent for each year after employing agencies withdrew from Social Security coverage and retirement contributions were paid on the member's salary.

TEACHERS' PLAN B

Years Service	Minimum Age	Formula Percentage
10	60	2%
30	55	2%

C. DEFERRED RETIREMENT

Any member with service credit of ten or more years may cease covered employment, leave the accumulated contributions in the System and, upon reaching age sixty, receive a retirement allowance based on the credit he had at the time he ceased covered employment.

D. DISABILITY BENEFITS

A member is eligible for disability retirement after five years of creditable service and certification of disability by the State Medical Disability Board.

TEACHERS' REGULAR PLAN

(1) A member shall receive a retirement allowance upon retirement for disability. A factor of two and one-half percent shall be used in the computation of the disability benefit. The maximum disability benefit cannot exceed 50 percent of the average final compensation. However, the minimum disability benefit cannot be less than 40 percent of the state minimum teaching salary or 75 percent of compensation, whichever is less.

(2) No unused accumulated sick or annual leave shall be used in the computation of disability allowance unless the member was eligible to receive a service retirement allowance at the time of disability retirement.

In addition to the benefits provided under Subsection A of this Section, if a disability retiree has a dependent minor child, he shall be paid an added benefit equal to fifty percent of his disability benefit for so long as he has a dependent minor child, and provided that the total benefit payable under Subsections 1 and 2 of this Section does not exceed seventy-five percent of average final compensation.

TEACHERS' PLAN A

The eligibility requirements and provisions previously stated regarding disability benefits for Teachers' Regular Plan members also apply to Teachers' Plan A members except for percentages used in the formula to calculate the benefit. A member of Plan A receives one percent in the formula for the service credit received for years when he paid Social Security only. He receives three percent for each of the other years of service credit.

PLAN SUMMARY (Continued)

TEACHERS' PLAN B

A normal retirement allowance is granted, if eligible, otherwise the formula is two percent of average final compensation times years of creditable service, provided that amount is not less than thirty percent nor more than seventy-five percent of average final compensation, in the event no optional selection is made by the member.

E. SURVIVOR BENEFIT

Survivor benefits are provided under all three plans for the deceased member's spouse and minor children when certain requirements such as years of service, marital status, etc., are met. If a member dies, even after retirement, eligible minor children shall receive benefits.

TAX SHELTERING OF CONTRIBUTIONS

On July 1, 1988, Teachers' Retirement System of Louisiana implemented a tax sheltering plan whereby the employers picked up members' contributions by designating such contributions as employer contributions. These contributions are excluded from the gross income of the members until the time of refund, death, or retirement. The tax sheltered plan complies with requirements of Section 414(h) of the Internal Revenue Code.

OPTIONAL RETIREMENT PLAN

In 1989, the Louisiana Legislature established an Optional Retirement Plan for academic employees of public institutions of higher education who are eligible for membership in the Teachers' Retirement System of Louisiana.

The Optional Retirement Plan is a defined contribution plan which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participants. Employees in eligible positions of higher education can make an irrevocable election to participate in the Optional Retirement Plan rather than the Teachers' Retirement System of Louisiana and purchase annuity contracts for benefits payable at retirement.

Louisiana Revised Statutes 11:921 through 11:931 required the Board of Trustees of Teachers' Retirement System of Louisiana to implement the Optional Retirement Plan by March 1, 1990, and the public institutions of higher education to implement the Optional Retirement Plan on July 1, 1990.

In accordance with the statutes, the Board of Trustees selected three carriers with whom the participants may invest their contributions. The three companies selected were Aetna Life Insurance and Annuity Company, Teachers Insurance and Annuity Association-College Retirement Equities Fund, and The Variable Annuity Life Insurance Company.

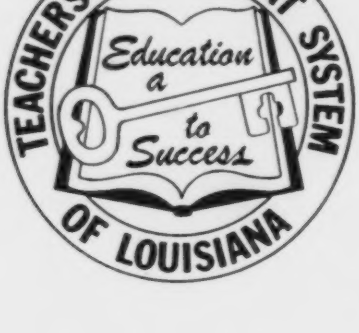
DEFERRED RETIREMENT OPTION PLAN

On July 1, 1992, the Deferred Retirement Option Plan became effective. This plan which is described on page 135 of this report is another alternative plan of retirement. Withdrawals from the plan are subject to certain provisions of the Internal Revenue Code. Distributions from the plan are taxable to the recipient when received. No distributions can be made until the member terminates employment.

OPTION 5

The Option 5 program became effective January 1, 1996. Under this program, a retiring member who had not participated in the Deferred Retirement Option Plan could select an Option 5 alternative. This alternative provided the retiree with a one-time payment of up to 36 months of a regular monthly retirement benefit in addition to a reduced regular monthly retirement benefit for life.

FINANCIAL SECTION


TEACHERS' RETIREMENT SYSTEM
OF LOUISIANA
Education
a
to
Success

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

H. DANIEL CARROLL, C.P.A.
ROBERT J. ZERNOTT, C.P.A.
ROBERT E. WALES, C.P.A.
CARL L. HANCOCK, C.P.A.
J. CHARLES PARKER, C.P.A.
LOUIS C. McKNIGHT, III, C.P.A.
ANTHONY J. CRISTINA, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.

HW&C

CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD
BATON ROUGE, LOUISIANA 70809
(504) 923-3000 • FAX (504) 923-3008

ROBERT B. HAWTHORN, C.P.A.
(1896-1977)
JOHN F. WAYMOUTH, C.P.A.
(1902-1987)
HOWARD V. CARROLL, C.P.A.
(1909-1993)

WARREN C. BER, C.P.A.
RETIRED

September 13, 1996

Independent Auditor's Report

Board of Trustees
Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

Members of the Board:

We have audited the accompanying statement of Plan net assets of the

Teachers' Retirement System of Louisiana
A Component Unit of The State of Louisiana

as of June 30, 1996 and the related statement of changes in Plan net assets for the year then ended. These financial statements are the responsibility of the Teachers' Retirement System of Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Teachers' Retirement System of Louisiana as of and for the year ended June 30, 1995, before the restatement described in Note B-6, were audited by other auditors whose report dated October 23, 1995 expressed an unqualified opinion on those statements.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 1996 financial statements referred to above present fairly, in all material respects, the financial position of the Teachers' Retirement System of Louisiana as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

We also audited the adjustments described in Note B-6 that were applied to restate the 1995 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

As described in Note B-6 to the financial statements, the Teachers' Retirement System of Louisiana adopted Governmental Accounting Standards Board ("GASB") Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Required Supplementary Information and the Supporting Schedules which are also the responsibility of the System's management, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the System. Such additional information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

The Investment Section, the Actuarial Section, the Statistical Section, and the Supporting Schedules, other than the Schedules of Compensation, listed in the foregoing table of contents are also presented for purposes of additional analysis and are not a required part of the financial statements. Such additional information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated September 13, 1996, on our consideration of the Teachers' Retirement System of Louisiana's internal control structure and a report dated September 13, 1996, on its compliance with laws and regulations.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
STATEMENTS OF PLAN NET ASSETS
AS OF JUNE 30, 1996 AND 1995

	1996	1995
Assets:		
Cash and cash equivalents	$ 51,263,773	$ 27,343,536
Receivables		
Member contributions	30,974,104	29,277,032
Employer contributions	57,441,035	51,151,676
ORP contributions	1,389,562	1,244,042
Pending trades	186,948,931	173,576,154
Casino bonus supplement	0	19,322,208
Accrued interest and dividends	51,400,085	54,691,547
Other receivables	627,386	518,313
Total receivables	328,781,103	329,780,972
Investments, at fair value		
Domestic bonds	1,545,432,187	1,579,001,346
International bonds	969,855,763	973,112,217
Mortgages	0	14,066
Intracoastal Land, Inc. & Co.	0	999,999
Domestic common and preferred stocks	3,772,940,701	2,907,764,992
International common and preferred stocks	714,854,526	589,297,816
International futures and options	63,886	1,116,189
Domestic short-term investments	437,061,022	329,766,657
International short-term investments	58,680,699	127,229,740
Real estate investment trust	44,406,000	23,076,000
Private equity investment	15,891,483	0
Collateral held under domestic securities lending program	805,506,450	877,329,241
Collateral held under international securities lending program	192,799,665	0
Total investments	8,557,492,382	7,408,708,263
Building, at cost, net of accumulated depreciation of $1,029,655 and $910,071, respectively	3,751,164	3,817,083
Equipment, furniture and fixtures, at cost, net of accumulated depreciation of $1,436,324 and $1,209,909, respectively	603,515	700,411
Land	890,741	890,741
Total assets	8,942,782,678	7,771,241,006
Liabilities		
Accounts payable	5,090,278	4,866,259
Benefits payable	2,190,300	1,679,610
Refunds payable	2,213,158	1,977,075
Pending trades payable	256,959,163	161,914,574
Other liabilities	458,942	779,314
Obligations under domestic securities lending program	805,506,450	877,329,241
Obligations under international securities lending program	192,799,665	0
Total liabilities	1,265,217,956	1,048,546,073
Net assets held in trust for pension benefits (A schedule of funding progress for the plan is presented on page 38.)	$7,677,564,722	$6,722,694,933

See accompanying notes to financial statements.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	1996	1995
Additions		
Contributions		
Member contributions	$ 182,144,749	$ 177,820,544
Employer contributions	372,728,942	356,662,854
Total contributions	554,873,691	534,483,398
ORP contributions retained	21,197,751	18,674,063
Mineral revenue audit and settlement receipts	29,175,475	29,175,481
Casino gaming proceeds	0	19,322,208
Investment income:		
Net appreciation (depreciation) in fair value of domestic investments	661,811,332	610,507,202
Net appreciation (depreciation) in fair value of international investments	59,911,388	65,464,707
Domestic interest	124,089,207	126,811,108
International interest	76,678,263	66,548,952
Domestic dividends	49,126,524	48,037,158
International dividends	12,265,397	9,213,141
Securities lending income	57,915,219	50,104,564
Real estate income	366,757	388,406
Commission rebate income	1,119,316	1,192,145
Total investment income	1,043,283,403	978,267,383
Less investment expenses	72,648,935	59,917,733
Net investment income	970,634,468	918,349,650
Other operating revenues	965,697	317,905
Total additions	1,576,847,082	1,520,322,705
Deductions		
Retirement benefits	597,840,991	530,786,764
Refunds of contributions	18,536,343	18,708,082
Administrative expenses	5,208,861	4,859,492
Depreciation expense	391,098	374,890
Total deductions	621,977,293	554,729,228
Net increase	954,869,789	965,593,477
Net assets held in trust for pension benefits		
Beginning of year	6,722,694,933	5,757,101,456
End of year	$7,677,564,722	$6,722,694,933

See accompanying notes to financial statements.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

A. PLAN DESCRIPTION

1. MEMBERSHIP AND ADMINISTRATION

The Teachers' Retirement System of Louisiana (the "System") is the administrator of a cost sharing multiple-employer defined benefit pension plan established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes. The System provides pension benefits to employees who meet the legal definition of a "teacher". The System is considered part of the State of Louisiana's financial reporting entity and is included in the State's financial reports as a pension trust fund. The State of Louisiana issues general purpose financial statements which include the activity in the accompanying financial statements. The accompanying statements present information only as to transactions of the program of the Teachers' Retirement System of Louisiana, as authorized by Louisiana Revised Statutes.

In accordance with Louisiana Revised Statutes, the System is subject to certain elements of oversight:

> The Commission on Public Retirement reviews administration, benefits, investments, and funding of the public retirement systems.
>
> The operating budget of the System is subject only to budgetary oversight by the legislature.
>
> Annual sworn statements on all financial transactions and the actuarial valuation of the System must be furnished to the Legislative Auditor's Office within 120 days following the close of the accounting year of the System.
>
> The Legislative Auditor is responsible for the procurement of audits for the public retirement systems and is authorized to contract with a licensed CPA for each audit.

In June 1991, the Governmental Accounting Standards Board issued Statement No. 14, "The Financial Reporting Entity." The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the System considered whether its officials appoint a voting majority of an organization's governing body and whether either they are able to impose their will on that organization or there is a potential for the organization to provide specific financial burdens to, or to impose specific financial burdens on the System. The System also determined whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the System.

At June 30, 1996 and 1995, the number of participating employers was:

	1996	1995
School Boards	66	66
Colleges and Universities	18	18
Vocational Technical Schools	50	51
State Agencies	33	28
Other	29	31
Total	196	194

Membership of this plan consisted of the following at June 30, 1996 and 1995, the dates of the latest actuarial valuations:

	1996	1995
Retirees and beneficiaries receiving benefits	39,302	37,952
Deferred retirement option plan participants	2,785	1,959
Terminated vested employees entitled to but not yet receiving benefits	469	460
Terminated nonvested employees who have not withdrawn contributions	5,978	7,949
Current active employees:		
Vested	18,313	18,080
Nonvested	66,536	66,591
Post deferred retirement option plan participants	674	441
Total	134,057	133,432

The System consists of three membership plans which require mandatory enrollment for all employees that meet the following eligibility requirements:

TRSL Regular Plan -	employees that meet the legal definition of a "teacher" in accordance with Louisiana Revised Statutes 11:701(23)(a).

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

TRSL Plan A -	employees paid with school food service funds in which the parish has withdrawn from Social Security coverage.
TRSL Plan B -	employees paid with school food service funds in which the parish has not withdrawn from Social Security coverage.

Teachers' Retirement System of Louisiana provides retirement, disability and survivor benefits. Service retirements vest after 10 years of credited service, disabilities after 5 years, provided the member is in active service at the time of filing application for disability retirement. The formula for annual maximum retirement benefits is 2 or 2-1/2 percent (Regular Plan), 1 or 3 percent (Plan A), or 2 percent (Plan B) of final average salary for each year of credited service. Final average salary is based upon the member's highest successive thirty-six months of salary. Benefits are paid monthly for life. If a member leaves covered employment prior to vesting or dies prior to establishing eligibility for survivor benefits, accumulated member contributions are refunded. For a more detailed description of plan benefits, refer to the Plan Summary on page 22 of this report.

In 1989, the state legislature established an Optional Retirement Plan (ORP) for academic employees of public institutions of higher education who are eligible for membership in the Teachers' Retirement System of Louisiana. The ORP is a defined contribution pension plan which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participants. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than the Teachers' Retirement System of Louisiana and purchase annuity contracts for benefits payable at retirement. Louisiana Revised Statutes 11:921 through 931 required the Board of Trustees of Teachers' Retirement System of Louisiana to implement the Optional Retirement Plan no later than March 1, 1990 and the public institutions of higher education to implement their Optional Retirement Plan on July 1, 1990. The 1995 Legislative Session amended the ORP to allow ORP participants that assume positions other than as employees of a public institution of higher education in positions covered by Teachers' Retirement System of Louisiana to continue to participate in the ORP. The number of participating employers is currently 39. Current membership in the ORP is 5,268 members.

In accordance with Louisiana Revised Statutes 11:927(B), the System retains 9.411 percent of the 16.5 percent ORP employer contributions. The amount transferred to the carriers is the employer's portion of the normal cost contribution which has been determined by the Public Retirement Systems' Actuarial Committee to be 7.089 percent.

The member's contributions (8 percent) are transferred to the carriers in entirety less 0.1 percent which has been established by the Board of Trustees to cover the cost of administration and maintenance of the Optional Retirement Plan. The administrative fee may be adjusted by the Board should the cost of administering the plan increase in the future.

The Deferred Retirement Option Plan (DROP) was implemented on July 1, 1992 with the passage of Louisiana Revised Statutes 11:786 by the state legislature. When a member enters DROP, his status changes from active member to retiree even though he continues to work at his regular job and draws his regular salary. In the original DROP, participation in the program could not exceed two years; however, the DROP was modified on January 1, 1994 to allow for a three-year period of participation. During the DROP participation period, the retiree's retirement benefits are paid into a special account. The election is irrevocable once participation begins. Interest at a rate equal to the realized return on the System's portfolio for that plan year as certified by the System actuary in his actuarial report, less one-half of one percent will be credited after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account.

Effective January 1, 1996, the state legislature authorized the Teachers' Retirement System of Louisiana to establish an Option 5 program. Option 5 is available to members who have not participated in the DROP and who select the maximum benefit, option 2 benefit, option 3 benefit, or option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The Option 5 program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from the Option 5 account are made in accordance with the DROP account, Louisiana Revised Statutes 11:450(A)(1).

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

1. BASIS OF ACCOUNTING

Teachers' Retirement System of Louisiana's financial statements are prepared using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. METHOD USED TO VALUE INVESTMENTS

Investments are reported at fair value. Fair Value is based upon the market value on the last business day of the Fiscal Year. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rate. Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold.

Other than investments in the U.S. government and U.S. government obligations, the System has no investments of more than five percent of the portfolio invested in any one corporation nor does the System hold more than five percent of any corporation's outstanding stock.

Teachers' Retirement System of Louisiana is a 50 percent co-owner of the Louisiana Retirement Systems building and related land with the Louisiana State Employees' Retirement System, and has the following operating leases with organizations that are included within the State of Louisiana as reporting entities:

Municipal Police Employees' Retirement System
Office of Financial Institutions
Municipal Fire and Police Civil Service
Ethics Commission

4. PROPERTY AND EQUIPMENT

Land, building, equipment, and furniture are carried at historical cost. The building and related land are jointly owned by Teachers' Retirement System of Louisiana and Louisiana State Employees' Retirement System. Depreciation is computed by the straight-line method based upon useful lives of 40 years for building and 3 to 10 years for equipment and furniture.

5. BUDGETARY ACCOUNTING

Self-generated revenues are budgeted for administrative expenses. State General Funds are appropriated for the purpose of paying supplementary benefits to retirees. The budgetary information for the years ended June 30, 1996 and 1995 includes the original Board of Trustees approved budget and appropriated State General Funds as well as subsequent amendments as follows:

1996	State General Funds	Self-Generated Revenue	Total
Original approved budget and appropriations	$ 4,831,095	$21,222,086	$26,053,181
Amendments:			
Statutory dedications	29,175,475		29,175,475
Salaries		20,000	20,000
Operating services		40,000	40,000
Acquisitions-capital outlays		(60,000)	(60,000)
	$34,006,570	$21,222,086	$55,228,656

1995	State General Funds	Self-Generated Revenue	Total
Original approved budget and appropriations	$ 4,576,910	$16,272,145	$20,849,055
Amendments:			
Statutory dedications	29,175,481		29,175,481
Professional services		3,400,000	3,400,000
Other charges		(14,000)	(14,000)
Interagency transfers		14,000	14,000
Acquisitions-capital outlays		(200,000)	(200,000)
	$33,752,391	$19,472,145	$53,224,536

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. RESTATEMENT

In November 1994, GASB issued Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans." This Statement establishes financial reporting standards for defined benefit pension plans. GASB encouraged early application of the Statement, which Teachers' Retirement System of Louisiana has elected to do. The Statement requires the System to restate the prior years' financial statements. All prior years' effects resulting from this restatement are reported as a restatement of the "Net assets held in trust for pension benefits-beginning of year". The Net assets held in trust for pension benefits-beginning of year for Fiscal Year 1995, which was $5,694,601,034, has been restated as $5,757,101,456 in order to reflect application of GASB Statement No. 25.

In May 1995, the Governmental Accounting Standards Board issued Statement No. 28, "Accounting and Financial Reporting for Securities Lending Transactions." The statement prescribes the reporting of securities lending cash collateral as assets and liabilities resulting from these transactions on the Statement of Plan Net Assets. Additionally, GASB 28 requires costs of securities lending transactions to be reported as expenses and not to be netted against income from the investment of the collateral. The System has always applied the concepts of this statement.

7. ACCUMULATED LEAVE

The employees of the System accumulate unlimited amounts of vacation and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused vacation leave of up to 300 hours is paid to employees at the employees' rate of pay. Upon retirement, unused vacation leave in excess of 300 hours and sick leave are credited as earned service in computing retirement benefits. The liability for accrued vacation leave of up to 300 hours payable is included in Other Liabilities.

C. CONTRIBUTIONS

1. MEMBER CONTRIBUTIONS

Member contributions to the System, based on which plan the member is enrolled, are established by Louisiana Revised Statutes 11:884(A)(1), and rates are established by the Public Retirement Systems' Actuarial Committee. The following groups of employees contributed the percentage of their salaries as shown below for the years ended June 30, 1996 and 1995.

Plan	% of Earned Compensation	
	1996	1995
TRSL Regular Plan	8.0%	8.0%
TRSL Plan A	9.1%	9.1%
TRSL Plan B	5.0%	5.0%

2. EMPLOYER CONTRIBUTIONS

Employer contribution rates are established under Louisiana Revised Statutes 11:885, by the Public Retirement Systems' Actuarial Committee. Rates for the years ended June 30, 1996 and 1995 are as follows.

Plan	% of Earned Compensation	
	1996	1995
TRSL Regular Plan	16.5%	16.2%
TRSL Plan A	16.5%	16.2%
TRSL Plan B	16.5%	16.2%

Employer contributions are collected from the employing agencies throughout the state and from the proceeds of taxes collected in the parishes and remitted by the respective parishes' sheriff's office.

Administrative costs of Teachers' Retirement System of Louisiana are financed through investment earnings.

D. CASH AND CASH EQUIVALENTS, AND INVESTMENTS

1. CASH AND CASH EQUIVALENTS

At June 30, 1996, the carrying amount of the System's cash and cash equivalents was $51,263,773 and the bank balance was $53,588,118, which was covered by federal depository insurance and/or by collateral held by the State Treasury in the System's name. At June 30, 1995, the carrying amount of the System's cash and cash equivalents was $27,343,536 and the bank balance

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

was $29,705,798, which was covered by federal depository insurance and/or by collateral held by the State Treasury in the System's name.

2. INVESTMENTS

Louisiana Revised Statutes 11:263 authorizes the Board of Trustees to exercise the "prudent man" rule in managing the investments of the System and limits the investment in equities to 55 percent of the investment portfolio.

Under this statutory authority, the Board of Trustees has adopted a statement of policy governing the management of the System's investments. The major provisions of Board policy are listed below:

> Common and preferred stocks must be listed on a national securities exchange or the NASDAQ exchange. Certain percentage limits on the amount of common stock of the total issued by a corporation and its portion of the equity portfolio have been established.
>
> Corporate bonds must be BAA/BBB or better as rated by Moody's or Standard & Poor's. Municipal bonds must be rated A or better. The System does not have an overall limit on the percentage of its portfolio that can be invested in the bond market. Certain percentage limitations have been placed upon holdings by issuer, type, and positions held within the bond portfolio.
>
> Investment in Louisiana securities is specified as one of the Board of Trustees' investment objectives provided all investment factors are equal.
>
> Specialized investment activity, such as real estate investment trusts, private placements, foreign securities, short selling, options activity, etc., must have prior written approval of the Board.

During 1994, TRSL entered into an agreement to participate in a private real estate investment trust ("REIT"). The purpose of this private REIT is to invest in a high quality, diversified portfolio of opportunistic real estate assets at a significant discount to replacement cost with the objective of realizing internal rates of return for investors of 15 - 20 percent over a period of 10 - 15 years. TRSL's total equity capital commitment to the REIT is $50,000,000, which represents approximately 13 percent of the total capital commitments made by third parties to the REIT. TRSL funded $44,406,000 and $23,076,000 of its $50,000,000 commitment in 1996 and 1995, respectively.

During 1995, TRSL entered into an agreement to participate in a private equity fund. The purpose of this private equity fund is to invest in companies through three methods: transitional financing, special situation recapitalizations and middle market acquisitions or leveraged buyouts. The objective of the fund is to achieve internal rates of return between 25 to 30 percent over 10 to 12 years. TRSL's total equity capital commitment to the private equity fund is $100,000,000, which represents approximately 7 percent of the total capital commitments made by third parties to the fund. TRSL funded $17,732,038 of its $100,000,000 commitment in 1996.

The domestic investment advisors, employed by the Board of Trustees to manage the investments of the System, were given a policy statement which established a real return objective of 3.9 percent per annum. The international investment advisors were given a different policy statement establishing a total rate of return of 6 percent in excess of the U.S. inflation rate, as measured by the Consumer Price Index.

All investments of the System are registered in the System's name, or held by the custodial bank or its intermediaries in the System's name. The System's investments at June 30, 1996, are categorized below to give an indication of the level of risk assumed by the entity. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent but not in the System's name. The categorization for the investments held at June 30, 1995, was the same as that shown below for investments held at June 30, 1996:

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

INVESTMENTS	CATEGORY 1	CATEGORY 2	CATEGORY 3	JUNE 30, 1996 CARRYING AMOUNT (FAIR VALUE)	JUNE 30, 1995 CARRYING AMOUNT (FAIR VALUE)
Investments---Categorized					
Domestic bonds	$ 873,719,043			$ 873,719,043	$ 701,672,105
International bonds	777,056,098			777,056,098	973,112,217
International futures and options	63,886			63,886	1,116,189
Domestic common stocks	3,762,424,597			3,762,424,597	2,896,299,742
International common stocks	710,042,908			710,042,908	576,640,779
Domestic preferred stocks	10,516,104			10,516,104	11,465,250
International preferred stocks	4,811,618			4,811,618	12,657,037
Short-term investments					
Domestic commercial paper	99,419,485			99,419,485	111,844,728
International commercial paper	20,785,216	—	—	20,785,216	95,790,934
Subtotal	$6,258,838,955	$0	$0	6,258,838,955	5,380,598,981
Investments---Not Categorized					
Intracoastal Land, Inc.				0	999,999
Domestic money market funds				217,560,542	217,921,929
International money market funds				37,895,483	31,438,806
Investments held by broker-dealers under securities loans					
Domestic fixed-income				671,713,144	877,329,241
Domestic short-term investments				120,080,995	0
International fixed-income				192,799,665	0
Securities lending short-term collateral				998,306,115	877,329,241
Mortgages				0	14,066
Real estate investment trust				44,406,000	23,076,000
Private equity investments				15,891,483	0
Total				$8,557,492,382	$7,408,708,263

E. SECURITIES LENDING TRANSACTIONS

State statutes and Board of Trustees policies permit the System to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System's securities lending agents lend the System's securities for cash collateral that equals the market value of the securities lent. At year-end, the System has no credit risk exposure to borrowers because the cash collateral held reflects the market value of the securities on loan. All securities loans can be terminated on demand within a period specified in each agreement by either the System or the borrowers. The reinvestment of the cash collateral is done on an overnight basis eliminating any interest rate exposure. In those instances where a loan is for term, the reinvestment of the cash collateral is matched with the term to maturity of the securities on loan. The lending agents invest the cash collateral on an individual basis in various investments which may include Money Market Funds, Repurchase Agreements, or the purchase of securities. There were no violations of legal or contractual provisions nor borrower or lending agent default losses known to the securities lending agents.

F. DERIVATIVES

During fiscal year 1996, the System invested in asset/liability based derivatives such as interest-only strips, principal-only strips, collateralized mortgage obligations (forms of mortgage-backed securities), options on futures, forward foreign exchange contracts, and futures. The System reviews market values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held in part to maximize yields and in part to hedge against a rise in interest rates.

1. INTEREST-ONLY STRIPS AND PRINCIPAL-ONLY STRIPS

Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgages which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the PO to appreciate in market value.

2. COLLATERALIZED MORTGAGE OBLIGATIONS

Collateralized mortgage obligations (CMO's) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates than others which can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMO's may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments cause a decline in cash flows and, thus a decline in market value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

3. OPTION ON FUTURES

This is an option contract, the exercise of which results in the holder and writer of the option exchanging futures position. The buyer of a call or put option has unlimited profit potential with the risk limited to the premium paid for the option. The option seller accepts potentially unlimited risk in return for the option premium received. The option seller or buyer can terminate such exposure in a closing transaction. A position is offset by completing the opposite transaction with the same option. The option contracts may also be repurchased or closed by the System, at which time the asset or liability is removed, a realized gain or loss is recognized, and cash is paid on the amount repurchased or received on closing a contract.

4. FORWARD FOREIGN EXCHANGE CONTRACTS

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry counterparty risk. Forwards are usually transacted over-the-counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the System records the unrealized translation gain or loss.

5. FUTURES

A futures contract is an agreement for delayed delivery of securities, currency, commodities or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specific price or yield. Upon entering into a futures contract, the System is required to pledge to the broker an amount of cash equal to a certain percentage of the contract amount. The amount is known as the "initial margin." Subsequent payments, known as "variation margin," are made by the System each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded as a realized gain or loss for financial statement purposes.

The System buys and sells future contracts for security hedging. Should exchange rates move unexpectedly, the System may not achieve the anticipated benefits of the futures contract and may realize a loss.

G. CONTINGENT LIABILITIES

The System is a litigate in several lawsuits. Management of the System, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the System.

H. REQUIRED SUPPLEMENTARY INFORMATION

In accordance with GASB 25, required supplementary information is presented on pages 38 through 40.

REQUIRED SUPPLEMENTARY INFORMATION

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
Education
a
to
Success

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/91	$4,079,694	$ 8,455,606	$4,375,912	48.2%	$2,133,107	205.1%
06/30/92	4,576,564	9,046,010	4,469,446	50.6%	2,181,713	204.9%
06/30/93	5,129,519	9,522,424	4,392,905	53.9%	2,176,372	201.8%
06/30/94	5,699,645	9,928,474	4,228,829	57.4%	2,198,137	192.4%
06/30/95	6,275,335	10,570,306	4,294,971	59.4%	2,199,137	195.3%
06/30/96	7,056,608	11,232,762	4,176,154	62.8%	2,254,304	185.3%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Employer Contributions		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
1991	$326,516,041	96.7%
1992	416,536,887	97.7%
1993	380,441,708	98.4%
1994	382,680,775	96.2%
1995	391,687,201	100.8%
1996	401,039,317	98.4%

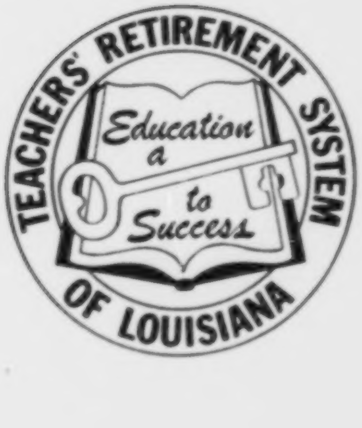
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULES OF TREND INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	June 30, 1996
Actuarial cost method	Projected Unit Credit
Amortization method	Increasing Annuity to 2029
Remaining amortization period	33 years
Asset Valuation method	Bonds at amortized cost Equities - 4-year weighted market average
Actuarial assumptions:	
Investment rate of return*	8.25%
Projected salary increases*	5.75% → 8.95%
Cost-of-living adjustments	None

*Includes inflation at 3%

SUPPORTING SCHEDULES


TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
Education a to Success

SCHEDULES OF BUDGETARY EXPENSES
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	1996			1995		
	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
Revenues:						
Appropriated:						
State general fund	$34,006,570	$33,989,676	$ (16,894)	$33,752,391	$33,721,341	$ (31,050)
Self-generated	21,222,086	20,888,875	(333,211)	19,472,145	16,141,017	(3,331,128)
Total revenues	55,228,656	54,878,551	(350,105)	53,224,536	49,862,358	(3,362,178)
Expenses:						
Salaries	3,594,412	3,533,983	60,429	3,522,080	3,336,092	185,988
Travel expenses	186,100	156,792	29,308	150,135	110,818	39,317
Operating services	1,288,603	1,233,404	55,199	1,289,621	1,131,992	157,629
Supplies	92,250	91,370	880	84,500	76,119	8,381
Professional services	126,769	126,769	0	2,950,935	117,567	2,833,368
Custodian fees	1,759,857	1,759,857	0	1,059,174	1,059,174	0
Advisor fees	13,691,874	13,691,874	0	10,060,891	10,060,891	0
Other charges - state general fund	34,006,570	33,989,676	16,894	33,752,391	33,721,341	31,050
Other charges - self-generated	57,000	19,350	37,650	65,000	28,608	36,392
Interagency transfers	72,864	47,193	25,671	77,647	58,296	19,351
Total expenses	54,876,299	54,650,268	226,031	53,012,374	49,700,898	3,311,476
Capital outlays	352,357	228,283	124,074	212,162	161,460	50,702
Total expenses and capital outlays	55,228,656	54,878,551	350,105	53,224,536	49,862,358	3,362,178
Excess of revenues over expenses and capital outlays	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

NOTE: Custodian and advisor fees are listed on the Schedule of Investment Expenses. All other expenses, with the exception of Other Charges-State General Fund, are listed on the Schedule of Administrative Expenses.

SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	1996	1995
Salaries:		
Salaries - regular	$2,839,497	$2,735,435
Salaries - overtime	70,428	46,071
Salaries - termination	8,191	3,066
Other compensation - student labor	13,017	11,780
Other compensation - compensation of board members	8,925	9,150
Related benefits	593,925	530,590
Total salaries	3,533,983	3,336,092
Travel expenses	156,792	110,818
Operating services:		
Advertising	1,609	3,349
Printing	87,091	53,506
Insurance	36,339	15,359
Automotive repairs	783	185
Maintenance - equipment	109,543	105,136
Rentals - building	442,516	455,679
Rentals - equipment	81,309	57,845
Rentals - off-site storage	9,934	9,501
Dues and subscriptions	21,227	17,881
Telephone	68,120	65,151
Postage	259,166	251,153
Bank service charges	99,834	91,144
Overtime heating and air conditioning	9,645	6,015
Mail services	6,273	0
Miscellaneous	15	88
Total operating services	1,233,404	1,131,992
Supplies	91,370	76,119
Professional services:		
Accounting and auditing	36,384	34,850
Legal	28,888	15,764
Medical	15,199	11,684
Actuarial	43,075	40,575
Professional travel	633	245
Investigative services	2,460	14,261
Design/annual report	0	188
Deaf interpreter services	130	0
Total professional services	126,769	117,567
Other charges:		
Election expense	8,264	20,625
Intracoastal Land, Inc. & Co.	0	511
Educational expense	10,762	7,245
System condolence fund	315	180
Miscellaneous	9	47
Total other charges	19,350	28,608
Interagency transfers:		
Secretary of State - microfilm	31,184	42,569
Office of Information Services - CS02	1,320	1,379
Division of Administration - support services	600	480
Department of Civil Service	8,977	9,055
State Treasurer - independent actuary	4,607	4,608
Bureau of Vital Statistics	505	205
Total interagency transfers	47,193	58,296
Total administrative expenses	$5,208,861	$4,859,492

SCHEDULES OF INVESTMENT EXPENSES
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	1996	1995
Securities lending expenses:		
Fixed	$42,670,233	$47,402,398
Equity	337,663	261,090
International	10,850,564	0
Total securities lending expenses	53,858,460	47,663,488
Domestic investment expenses:		
Domestic investment expense	225	70,423
Commission rebate expense	81,575	75,000
Private equity expense	1,971,776	0
Total domestic investment expenses	2,053,576	145,423
International investment expenses:		
International tax expense	1,285,168	988,757
Total international investment expenses	1,285,168	988,757
Custodian fees:		
Domestic	602,759	327,376
Global	1,157,098	731,798
Total custodian fees	1,759,857	1,059,174
Advisor fees	13,691,874	10,060,891
Total investment expenses	$72,648,935	$59,917,733

SCHEDULES OF BOARD COMPENSATION FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	1996		1995	
BOARD OF TRUSTEES	NUMBER OF MEETINGS	AMOUNT	NUMBER OF MEETINGS	AMOUNT
Sheryl R. Abshire	9	$ 675	7	$ 525
Anne H. Baker	12	900	12	900
William C. Baker, Ed.D.	11	825	12	900
Jerry J. Baudin, Ph.D.	11	825	12	900
Clyde F. Hamner	10	750	12	900
Syble T. Jones, RD, LDN	11	825	12	900
Lyn C. Ledbetter, Ph.D., replaced by Jacqueline H. Shiloh	5	375	9	675
Thomas W. McCall	11	825	11	825
Lawrence J. Moody, Jr.	9	675	10	750
Jacqueline H. Shiloh, replaced Lyn C. Ledbetter	5	375	0	0
S. L. Slack	11	825	10	750
Lorraine H. Slacks	3	225	3	225
James T. Stewart	11	825	12	900
Total compensation		$8,925		$9,150

SCHEDULES OF BUILDING MAINTENANCE EXPENSES AND CAPITAL OUTLAYS FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	1996	1995
Building maintenance expenses:		
Building manager	$ 22,773	$ 21,249
Partnership employees	17,879	21,818
Benefit and payroll taxes	3,713	3,432
Landscape maintenance	22,600	19,706
Custom program maintenance	7,665	5,075
Elevator maintenance	1,441	1,380
Equipment maintenance	28,699	26,643
Water	2,442	2,144
Sewerage	1,044	1,731
Utilities	104,306	96,355
Telephone	1,554	1,324
Insurance	9,304	5,044
Pest control	488	848
Janitorial services	29,902	31,686
Waste systems	2,321	2,676
Fire protection	1,870	715
Security systems	0	315
Rug rental	0	29
General repairs	27,910	41,018
Plumbing expenses	0	382
Equipment repairs	536	1,769
Electrical expenses	9,345	10,133
Bank charges	280	772
Window washing	0	750
Building exterior painting	387	31,723
Uniform rental	597	0
Miscellaneous expenses	84	307
Air conditioner supplies	398	0
Building supplies	3,786	6,018
Landscape supplies	404	270
Janitorial supplies	1,496	1,998
Office supplies	75	233
General supplies	0	17
Security guard services	8,893	8,734
Architect/engineering services	450	0
Legal services	2,243	465
Total building maintenance expenses	$314,885	$346,759
Capital outlays	$58,732	$16,938

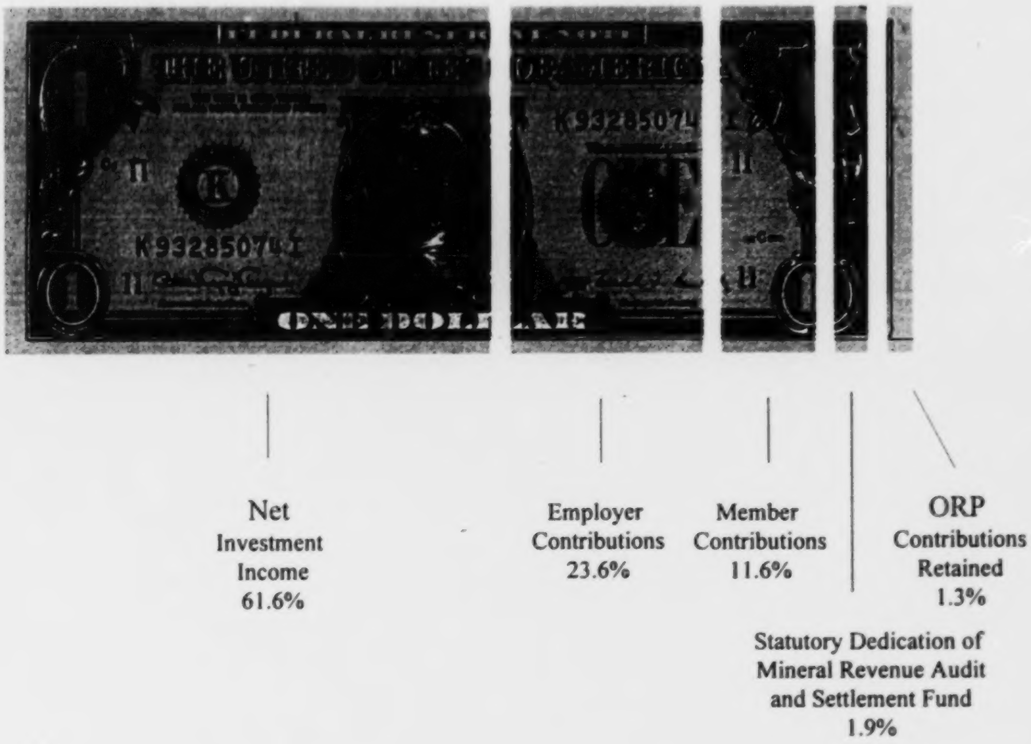
These costs are included in Operating Services Expenses, Rentals - Building, on the Schedules of Administrative Expenses.

SCHEDULES OF PAYMENTS TO CONSULTANTS
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

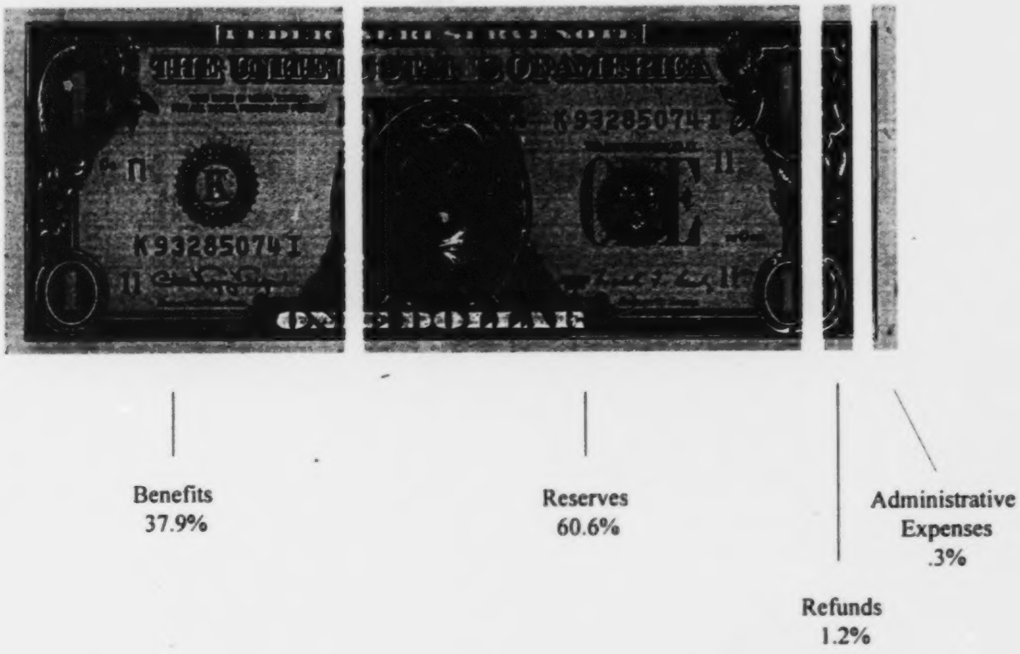
	1996	1995
Accounting and auditing consultants	$ 36,384	$ 34,850
Auditor		
Deloitte & Touche, LLP		
Tax Accountant		
Postlethwaite & Netterville, APAC		
Legal	28,888	15,764
Legal Consultant		
Law Offices of Randy P. Zinna		
Medical	15,199	11,684
Medical Examiners		
Richard Burroughs, M.D.		
Jack Clayton, M.D.		
N. James Doll, M.D.		
Herbert R. Dyer, Jr., M.D.		
Richard H. Gold, M.D.		
Anthony Ioppolo, M.D.		
Herbert K. Plauche, M.D.		
H. Guy Riche', Jr., M.D.		
Ginger Shows, M.D.		
Lawrence D. Wade, M.D.		
William R. Williamson, M.D.		
Actuarial	43,075	40,575
Actuary		
Hall Actuarial Associates		
Total	$123,546	$102,873

A summary schedule of commissions paid to brokers is shown on page 108.

1996 REVENUE - WHERE IT CAME FROM



1996 REVENUE - WHERE IT WENT



INVESTMENT SECTION

TEACHERS' RETIREMENT SYSTEM
Education
a
to
Success
OF LOUISIANA

Holbein Associates, Inc.

October 8, 1996

The Board of Trustees
Teachers' Retirement System of Louisiana
8401 United Plaza Blvd.
Baton Rouge, Louisiana 70809

During the past year, the TRSL portfolio had outstanding performance in a very positive equity environment. For the year ending June 30th, the System achieved a 14.9% rate of return from all assets. This return ranked in the 55th percentile in the Independent Consultants Cooperative Public Pension Plan Universe. We believe that this return and rank are excellent given the fact that there exists a restriction on equities (55%) which limited the upside potential. For the past five years, the System achieved a 12.1% return which ranked in the 37th percentile in the Independent Consultants Cooperative Public Plan Universe. The performance results were calculated in compliance with the AIMR Performance Presentation Standards. The performance calculations include the total return of the System, including realized and unrealized gains plus income.

The TRSL portfolio exceeded all of the objectives of the total fund over the last 3 and 5 years. The total portfolio exceeded the Inflation (CPI) Index plus 3.9% by 4.0% for 3 years and 5.4% for 5 years. The portfolio also exceeded the actuarial growth rate of 8.25% by 2.3% over the last 3 years and 3.8% over the last 5 years.

The TRSL portfolio is well diversified using various equity and fixed income styles. The System portfolio also has representation in all equity capitalization ranges. The current asset allocation has 10% in international equity and 13% international fixed income allocations. These overseas exposures are expected to continue to produce good risk adjusted results in the future. This diversity has enabled the System to produce excellent risk adjusted performance over the last 3 and 5 years.

The System portfolio is also enhanced by diversification into opportunistic real estate and private equity. These alternative investments offer exceptional expected returns and enhance the overall diversification of the System portfolio.

Sincerely,

Richard Holbein

Richard Holbein
President

15301 Dallas Parkway Suite 810 Dallas, Texas 75248 (214)458-3206

INVESTMENT POLICY

STATEMENT OF OBJECTIVES

Financial objectives of the Teachers' Retirement System of Louisiana have been established in conjunction with a comprehensive review of the current and projected financial requirements of the Retirement System.

The Board's investment objectives are to:

(1) Protect the System's assets in real terms such that assets are preserved for providing benefits to participants and their beneficiaries. Real terms shall be a measurement in current dollars which discounts inflationary increases in value as measured by the Consumer Price Index (CPI).

(2) Achieve investment returns sufficient to meet the actuarial assumption necessary to improve the future soundness of the System. This is defined as an investment return (current income plus realized and non-realized gains and losses) greater than the current actuarial assumption.

(3) Maximize the total rate of return on investments within prudent parameters of risk for a retirement system of this type.

While there can be no complete assurance that these objectives will be realized, this Investment Policy is believed to provide a sound basis for successful achievement.

The desired investment objective is a long-term compound rate of return on the System's assets of 3.9 percent above the CPI. The Board realizes that market performance varies from period to period and this return objective may not be meaningful during some periods. Accordingly, relative performance benchmarks for investment managers are set forth in the Control Procedures section on page 55.

STATEMENT OF INVESTMENT POLICY

INVESTMENT GUIDELINES

It shall be the policy of the System to invest the assets in accordance with the maximum and minimum range for each asset category as stated below:

ASSET CATEGORY	MINIMUM	TARGET	MAXIMUM
Cash and Equivalents	0%	5%	15%
Fixed Income*	30%	40%	60%
Alternative Investments	0%	5%	10%
Total Stock**	35%	50%	55%
*U.S. Fixed Income	20%	25%	60%
International	0%	15%	30%
**U.S. Stock	30%	40%	55%
International	0%	10%	20%

The asset allocation ranges established by this Investment Policy represent a long-term perspective. As such, rapid unanticipated market shifts may cause the asset mix to fall outside the policy range. Any divergence should be of a short-term nature. The Director is responsible for ensuring that the managers keep any such divergence as brief as possible.

Divergence in the portfolio cash reserves is of particular concern. It is the Board's policy that managers' portfolios are to be fully invested and cash reserves, over time, should not exceed the 5% target. Managers have the discretion to deviate from the cash reserve target, but will be accountable to the Board for justifying such action. Managers will be evaluated on the performance of the total portfolio, including cash.

It is expected that all assets of the Teachers' Retirement System of Louisiana will be managed in accordance with the Louisiana Revised Statutes. It is a policy of the Board of Trustees that, provided all investment factors are equal and within the limits of prudence, investments in Louisiana securities are encouraged.

In addition to direct investment in individual securities, mutual funds and pooled asset portfolios are acceptable investment vehicles.

FIXED INCOME GUIDELINES

Investments in fixed income securities shall be high quality marketable securities meeting one or more of the following criteria:

(1) All U.S. Treasury, federal agencies, and U.S. Government guaranteed obligations.

(2) Corporate bonds, debentures or notes rated BAA/BBB or higher, rated by Moody's or Standard & Poor's. In no case shall holdings of corporate bonds rated BAA/BBB exceed 20 percent in market value of the bond portfolio. Municipal bonds must be rated A or higher and holdings cannot exceed 15 percent of the market value of the bond portfolio.

(3) Mortgage purchases will be limited to pooled mortgages traded in bond form with "pass-through" features or closed-end participating mortgage funds recommended in writing by a retained investment manager/advisor.

(4) Positions are not to exceed 10 percent of any one issue with the exception of U.S. Treasuries, federal agencies or U.S. Government guaranteed securities.

(5) Positions in any one issuer of corporate or municipal securities are not to exceed 5 percent of the market value of the bond portfolio.

(6) Holdings of individual issues are to be large enough for easy liquidation.

(7) Private placements may be held providing that holdings do not exceed 10 percent of the market value of the bond portfolio and approval has been granted by the Board.

(8) Debt obligations issued by the Government of Canada

INVESTMENT POLICY (Continued)

or its provinces with a minimum quality rating of A may be held by investment managers that (a) have experience and expertise with these securities, and (b) have received written permission from the Board to include these securities in their portfolios. These securities may not exceed 15 percent of the market value of the bond portfolio.

FIXED INCOME GUIDELINES FOR APPROVED GLOBAL FIXED INCOME MANAGER(S)

Guidelines (1) through (8) for Fixed Income will apply with the following additional guidelines:

(1) The debt of countries acceptable for investment include the U.S., Canada, all of the EAFE (Europe, Australia, and the Far East) countries and countries specifically approved by the Board. The current list of approved countries is shown below. European Currency Unit (ECU) obligations are also included in the approved category.

EAFE COUNTRIES

- Belgium
- Denmark
- Finland
- France
- Germany
- Netherlands
- Norway
- Sweden
- Switzerland
- United Kingdom
- Australia
- Hong Kong
- Japan
- New Zealand
- Singapore
- Malaysia
- Austria
- Italy
- Spain

OTHER COUNTRIES APPROVED BY THE BOARD

- Argentina
- Brazil
- Chile
- Greece
- Indonesia
- Ireland
- Korea
- Mexico
- Philippines
- Poland
- Portugal
- South Africa
- Thailand
- Turkey
- Venezuela

(2) Weightings in U.S. dollar-denominated bonds and U.S. cash may, when combined, range from 0 percent to 100 percent of a portfolio.

(3) Weightings in yen, sterling and DM-denominated bonds, and yen, sterling and DM cash, when combined, may each range from 0 percent to 50 percent of a portfolio.

(4) Portfolio weightings in board approved countries other than those described in (2) and (3) above, may each, combining bonds and cash, range from 0 percent to the country weightings of the Salomon Brothers Non-U.S. World Government Bond Index plus 10 percent. However, practical consideration should be given to liquidity and marketability of issues, particularly within non-major and emerging markets.

(5) Quality ratings for corporate debt shall be consistent with those stated in (2) under Fixed Income Guidelines above.

STOCK GUIDELINES

Common stock securities including ADRs shall be high quality, readily marketable securities offering potential for above average growth. Common stock investments are limited to those meeting all of the following criteria:

(1) Stocks must be listed or traded on a national securities exchange including the NASDAQ. ADR securities may be traded over the counter. U.S. stocks must be registered with the Securities and Exchange Commission.

(2) Not more than 5 percent of the book value or market value (whichever is more) of the total issued and outstanding common stock of any one corporation may be held in the equity portfolio.

(3) Not more than 5 percent of the cost or market value of the total System equity portfolio (whichever is higher) or 15 percent of the market value of each separately managed portfolio may be invested in common stock of any one corporation.

(4) Not more than 20 percent of stock valued at market of the total System equity portfolio may be held in any one industry category as defined by Bankers Trust Company.

(5) Convertible securities and covered option writing, if any, shall be considered as part of the equity portfolio.

(6) Equity managers hired for small cap investment category shall maintain an average market capitalization of the portfolio below the market capitalization of the 750th stock in the Wilshire 5000. In addition, no more than 20 percent of the portfolio may be invested in stocks whose capitalizations exceed the capitalization of the 750th stock in the Wilshire 5000.

(7) Equity managers hired for the mid cap investment category shall maintain an average market capitalization of the portfolio between the market capitalizations of the 500th and the 1,250th stock in the Wilshire 5000. In addition, no more than 20 percent of the portfolio may be invested in stocks whose capitalizations exceed the capitalization of the 500th stock in the Wilshire 5000, and no more than 20 percent of the portfolio may be invested in stocks whose capitalizations are below the capitalizations of the 1,250th stock in the Wilshire 5000.

STOCK GUIDELINES FOR APPROVED INTERNATIONAL EQUITY MANAGER(S)

In addition to the International Stock Guidelines below, Stock Guidelines (1) through (7), above, also apply as appropriate to international equity managers.

(1) The countries acceptable for investment include the U.S., Canada, all of the EAFE countries, and countries specifically approved by the Board. The current list of approved countries is shown above.

INVESTMENT POLICY (Continued)

(2) Investment managers may invest up to the MSCI EAFE Index country weights plus 10 percent of the market value of the portfolio in any one country. However, practical consideration should be given to liquidity and marketability of issues, particularly within non-major and emerging markets. Managers should also be sensitive to the weight of individual economic sectors of the market within the portfolio.

(3) Investment managers may invest up to 25 percent of the market value of the portfolio in equity securities of domestic U.S. issuers. This flexibility should be viewed by the manager as an opportunistic and/or defensive mechanism as opposed to a normal position.

(4) No single industry group shall constitute more than 25 percent of the market value of the portfolio or its comparable representation in the EAFE Index, whichever is larger, without prior Board approval.

(5) No individual security shall constitute more than 10 percent of the market value of the portfolio or its equivalent representation in the EAFE Index, whichever is larger, without prior Board approval.

(6) Cash shall not constitute more than 25 percent of the market value of the total portfolio without prior Board approval. Cash held by the managers may be in U.S. dollars or in the foreign currency or currencies of the managers' choice.

(7) Residual currency exposures of the underlying international equity portfolio should be actively managed by the investment manager. The objectives of active foreign exchange exposure management within the international equity portfolio are to:

   (a) Add value by increasing total returns and reducing volatility of returns through hedging and crosshedging activities.

   (b) Avoid currency translation losses in periods of an appreciating U.S. dollar.

(8) Permitted Equity Investments

   (a) Equity managers are to confine portfolio investments to common stocks and securities directly convertible or exercisable into common stocks, including GDRs of companies domiciled in countries on approved list shown on page 52, with the exception of India. India is approved for GDRs and ADRs although it is not on the approved country list.

   (b) Use of derivatives such as options, warrants, and futures to establish unleveraged long positions in equity markets is permissible.

   (c) Currency options contracts may be exchange traded or over-the-counter (OTC) traded in the interbank market. Alternative instruments such as swaps, options on options, or other derivatives may be utilized if the risk/return trade-off is perceived by the manager to be suitable and competitive with the above stated hedge vehicles.

(9) Permitted Hedge Vehicles for Currency Exposure Management

   The following instruments are permissible:

   (a) Forward Foreign Exchange Contracts
   (b) Currency Futures Contracts
   (c) Options on Currency Futures Contracts
   (d) Options on Spot Currencies

(10) Net short foreign currency positions may not be taken in this portfolio.

CASH AND CASH EQUIVALENTS GUIDELINES

Cash and cash equivalents are comprised of daily cash balances above day to day needs and funds set aside for portfolio strategy reasons. Short-term securities managed by the System's Investment Department are subject to the approval of the Director in accordance with the set-forth guidelines and restrictions.

Short-term investments may be placed in:

(1) U.S. Treasury Bills, other issues of the U.S. Government, issues of federal agencies, and government sponsored enterprises with a maturity of one year or less.

(2) Repurchase agreements collateralized by U.S. Treasury or agency securities subject to the market value of collateral, including accrued interest, meeting at least 100 percent of the amount of their purchase agreement.

(3) Commercial paper rated P-1 by Moody's or A-1 by Standard & Poor's and having a senior bond rating of A/A or better. No single issue may exceed 10 percent of outstanding short-term obligations. The maximum maturity will be ninety days.

(4) Certificates of deposit limited to Louisiana banks, savings and loans and credit unions provided that:

   (a) Maximum amount in any one bank will be limited to $1 million.

   (b) All deposits in excess of federal insurance limits shall be collateralized subject to the same rules and regulations in effect for certificates of deposit placed by the Louisiana Department of the Treasury.

   (c) Maximum amount limited to 5 percent of capitalization.

   (d) Maximum maturity is 366 days.

INVESTMENT POLICY (Continued)

(5) Money market funds adhering to restrictions (1) through (4) above.

(6) Issues of commercial debt market with maturities of one year or less and having a rating of A or better. The obligations of any single issuer may not exceed 10 percent of the total outstanding short-term obligations of the System.

ALTERNATIVE INVESTMENT GUIDELINES

In recognition of the increasing opportunities in today's and tomorrow's investment universe, the Board may consider the following representative investment vehicles:

Real Estate
Private Placements
Options
Derivatives (Futures, Swaps, etc.)

The Board, when appropriate, will adopt objectives, rules and guidelines as may be necessary to adequately monitor the performance of the assets committed to the above investment vehicles. Upon Board approval, these objectives, rules, and guidelines will be added to the investment policy.

SECURITIES LENDING GUIDELINES

The System's Investment Department may engage in the lending of securities subject to the following guidelines:

(1) Collateral on loans is set at a minimum 102 percent of the market value of the security plus accrued interest.

(2) Securities of the System are not released until the custodian bank receives payment for the book entry withdrawal of the loaned security.

(3) Funds from the lending of securities accrue to the investment account and not to investment advisors since they would not be involved in the process.

(4) The System's Investment Department may engage in the lending of all U.S. Treasury and other government guaranteed securities, corporate or municipal securities, and common stock.

RESTRICTED INVESTMENTS

Categories of investments which are not eligible include:

(1) Use of margin or leverage.

(2) Short sales of securities not held by the System.

(3) Investments in commodities or commodity contracts.

(4) Direct loans or extension lines of credit to any interested party.

(5) Letter stock.

(6) Unregistered securities.

For global advisors approved by the Board, financial futures contracts and options thereon, currency forward contracts and options thereon, and options on physical securities and currencies are allowed. Also for these advisors initial and variation margin on financial futures and related options are allowed.

OTHER INVESTMENTS

From time to time, the Board may authorize other investments for a specific trial period. At the conclusion of the trial period, should the Board determine that the investment is suitable on a continuing basis, the Board will adopt such objectives, rules and guidelines as may be necessary and add them to the statement.

DIVERSIFICATION

Investments shall be diversified with the intent to minimize the risk of large losses to the Retirement System. The total portfolio will be constructed and maintained to provide prudent diversification in equity, fixed income and real estate.

VOLATILITY

Consistent with the desire for adequate diversification, it is expected that the volatility of the portfolio will be similar to that of the market. It is expected that the volatility of the total portfolio, in aggregate, will be reasonably close to the volatility of a commitment-weighted composite of market indices (e.g., Standard & Poor's 500 Index for stocks and Shearson Lehman Government Corporate Bond Index for bonds).

LIQUIDITY NEEDS

It is expected that contributions will exceed benefit payments for the foreseeable future. Therefore, there is no present need for investment managers to maintain liquid reserves for payment of retirement benefits.

PROXY VOTING

It shall be the policy of the Retirement System to vote all proxy ballots, except those for international companies. These proxies shall be voted by the applicable manager. Nevertheless, each investment manager is required to advise the Board on any issues that should require special consideration.

EXECUTION OF SECURITIES TRADES

The Retirement System expects the purchase and sale of its securities to be directed through the brokerage firms offering the lowest transaction cost comprised of commission cost and the best available security price. Orders shall be placed through Louisiana brokerage firms whenever they can provide total transaction costs equivalent to or below the lowest non-Louisiana brokerage firm.

INVESTMENT POLICY (Continued)

CONTROL PROCEDURES

REVIEW OF LIABILITIES

All major liability assumptions regarding number of Plan participants, payroll, benefit levels and actuarial assumptions will be subject to an annual review. This review will focus on an analysis of the major differences between the System's assumptions and actual experience.

REVIEW OF INVESTMENT OBJECTIVES

The achievement of investment objectives will be reviewed on an annual basis. This review will focus on the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy for achieving these objectives. It is not expected that the Investment Policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment to the Investment Policy.

REVIEW OF INVESTMENT MANAGERS

The Board will require each investment manager to report monthly in a manner agreed upon by the Board, staff, consultant and manager.

The Board will meet at least annually, and preferably more frequently, with the investment managers and its consultants. Additionally, with or without the investment managers, the Board will review investment results at least quarterly.

These reviews will focus on:

(1) Manager adherence to the policy guidelines.

(2) A comparison of managers' results against appropriate financial indexes, such as, but not limited to the Standard & Poor's 500 Index and the Wilshire Style Indices for domestic equities; the EAFE (after taxes) Index for International equities; the Lehman Aggregate Bond Index, Lehman Government Corporate Bond Index, and Lehman Mortgage Bond Index for domestic fixed income securities; and the Lehman Aggregate Bond Index, Salomon Brothers World Bond Index, and Salomon Non U.S. Dollar Government Bond Index, for global fixed income securities.

(3) A comparison of managers' results using similar policies (in terms of commitment to equity, style, diversification, volatility, etc.).

(4) The opportunities available in both equity and debt markets.

(5) Material changes in the manager organizations such as investment philosophy, personnel changes, acquisitions or losses in major accounts, etc.

The managers will be responsible for keeping the Board advised of any material change in personnel, investment strategy, or other pertinent information potentially affecting performance.

PERFORMANCE EXPECTATIONS

The most important performance expectation is the achievement of investment results that are consistent with the Retirement System's Investment Policy Statement. A long-term average annual return of 3.9 percent above inflation as measured by the Consumer Price Index is reasonable in light of the policy. Implementation of the policy will be directed toward achieving this return and not toward maximizing return without regard to risk.

The Retirement Board recognizes that this real return objective may not be meaningful during some time periods. In order to ensure that investment opportunities available over a specific time period are fairly evaluated, the Board will use comparative performance statistics to evaluate investment results. The Board expects the total Fund to perform in the top one third of a universe of total funds having similar investment policies. To stay abreast of what other state and local plans are achieving, the System's performance will also be compared to the results of other public plans. Each manager is expected to perform in the top one half of his/her respective Equity Manager or Fixed Income Manager universe and in the top quartile of his/her investment manager style universe. This performance should be achieved over rolling three-year time periods or the length of each manager's contract, whichever comes first. Short run results will also be monitored. For purposes of this paragraph, the universe referred to is the Bankers Trust Independent Consultant Cooperative (I.C.C.) Universe as categorized above.

INVESTMENT SUMMARY
AS OF JUNE 30, 1996 AND 1995

	JUNE 30, 1996		JUNE 30, 1995	
TYPE OF INVESTMENT	MARKET VALUE	% TOTAL MARKET VALUE	MARKET VALUE	% TOTAL MARKET VALUE
Domestic bonds:				
U S Treasury & Government Agency securities	$1,196,205,406	13.979%	$1,235,453,009	16.676%
Corporate bonds	341,290,240	3.988%	339,633,104	4.584%
Miscellaneous bonds	7,936,541	0.093%	3,915,233	0.053%
Total domestic bonds	1,545,432,187	18.060%	1,579,001,346	21.313%
International bonds	969,855,763	11.333%	973,112,217	13.135%
International futures and options	63,886	0.001%	1,116,189	0.015%
Mortgages and Intracoastal Land, Inc. & Co.	0	0.000%	1,014,065	0.014%
Domestic stocks:				
Common	3,762,424,597	43.966%	2,896,299,742	39.093%
Preferred	10,516,104	0.123%	11,465,250	0.155%
Total domestic stocks	3,772,940,701	44.089%	2,907,764,992	39.248%
International stocks:				
Common	710,042,908	8.297%	576,640,779	7.783%
Preferred	4,811,618	0.056%	12,657,037	0.171%
Total international stocks	714,854,526	8.353%	589,297,816	7.954%
Domestic short-term investments	437,061,022	5.107%	329,766,657	4.451%
International short-term investments	58,680,699	0.686%	127,229,740	1.717%
Real estate investment trust	44,406,000	0.519%	23,076,000	0.311%
Private equity investments	15,891,483	0.186%	0	0.000%
Collateral held under domestic securities lending program*	805,506,450	9.413%	877,329,241	11.842%
Collateral held under international securities lending program*	192,799,665	2.253%	0	0.000%
Total investments	$8,557,492,382	100.000%	$7,408,708,263	100.000%

*NOTE: Collateral received by the System for securities on loan is reported as an asset with a corresponding liability.

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC BONDS

DESCRIPTION	COUPON RATE	MATURITY DATE	PAR VALUE	MARKET VALUE
U S TREASURY & GOVERNMENT AGENCY SECURITIES				
Federal Home Loan Mtg Corp 1229J	8.000	04/15/2007	$ 3,000,000	$ 3,131,250
Federal Home Loan Mtg Corp 1238K	8.000	04/15/2007	2,000,000	2,083,740
Federal Home Loan Mtg Corp 1308J	8.500	06/15/2007	1,200,000	1,284,744
Federal Home Loan Mtg Corp 1513TB	Flt	05/15/2008	2,188,586	1,582,610
Federal Home Loan Mtg Corp 1560PY	5.950	11/15/2021	9,000,000	8,302,500
Federal Home Loan Mtg Corp 1579PQ	7.000	04/15/2022	6,203,909	5,860,708
Federal Home Loan Mtg Corp 1592J	6.300	12/15/2021	13,700,000	12,796,622
Federal Home Loan Mtg Corp 1606S	Flt	05/15/2008	7,157,246	5,030,184
Federal Home Loan Mtg Corp 1611QD	Flt	11/15/2023	4,721,304	3,769,630
Federal Home Loan Mtg Corp 1684G	6.500	03/15/2023	11,000,000	10,429,320
Federal Home Loan Mtg Corp 1688W	7.250	03/15/2014	9,000,000	8,634,330
Federal Home Loan Mtg Corp 1702PG	6.500	12/15/2022	13,000,000	12,041,250
Federal Home Loan Mtg Corp 1706LB	7.000	03/15/2024	7,986,663	7,445,007
Federal Home Loan Mtg Corp 1714PS	Flt	04/15/2024	3,500,000	2,548,420
Federal Home Loan Mtg Corp 1732H	6.500	11/15/2022	7,000,000	6,608,420
Federal Home Loan Mtg Corp 1766B-C	6.150	04/15/2022	12,500,000	11,359,375
Federal Home Loan Mtg Corp 1772A	6.500	11/15/2023	4,655,000	4,144,393
Federal Home Loan Mtg Corp 1798CA	6.000	03/15/2008	7,000,000	6,352,220
Federal Home Loan Mtg Corp 1807E	6.500	06/15/2008	10,000,000	9,346,100
Federal Home Loan Mtg Corp 1844E	6.500	10/15/2013	7,000,000	6,335,000
Federal Home Loan Mtg Corp 40L	6.500	08/17/2024	3,539,592	3,455,527
Federal Home Loan Mtg Corp 43PI	6.500	04/17/2022	7,694,854	7,629,909
Federal Home Loan Mtg Corp #141974	8.500	12/01/2019	1,149,948	1,190,644
Federal Home Loan Mtg Corp #170223	9.000	05/01/2017	2,056,140	2,161,538
Federal Home Loan Mtg Corp #846089 ARM	Adj	09/01/2024	3,638,628	3,726,647
Federal Home Loan Mtg Corp #C00383	8.500	01/01/2025	653,980	672,168
Federal Home Loan Mtg Corp #C00388	8.500	11/01/2024	3,191,685	3,271,478
Federal Home Loan Mtg Corp #D58848	8.500	02/01/2025	1,295,599	1,327,989
Federal Home Loan Mtg Corp #D91292	6.500	04/01/2016	7,023,529	6,580,415
Federal Home Loan Mtg Corp #D91333	6.500	05/01/2016	9,845,117	9,223,988
Federal Nat'l Mtg Assn Pass-thru Ctf	7.000	11/01/2025	22,241,380	21,393,316
Federal Nat'l Mtg Assn 92-152M	7.750	08/25/2007	2,500,000	2,562,500
Federal Nat'l Mtg Assn 92-203FA	Flt	11/25/2007	9,179,412	9,279,743
Federal Nat'l Mtg Assn 93-47C	7.000	04/25/2008	3,000,000	2,893,110
Federal Nat'l Mtg Assn 93-189PK	6.500	03/25/2022	10,500,000	9,794,505
Federal Nat'l Mtg Assn 94-44H	6.500	08/25/2022	10,000,000	9,468,700
Federal Nat'l Mtg Assn Notes	7.900	04/10/2002	1,000,000	1,006,870
Federal Nat'l Mtg Assn #050425	9.000	04/01/2021	1,250,641	1,316,024
Federal Nat'l Mtg Assn #292903 ARM	Adj	08/01/2024	3,163,991	3,260,398
Federal Nat'l Mtg Assn #303233	10.000	08/01/2007	7,044,443	7,453,866
Federal Nat'l Mtg Assn #303623	9.500	05/01/2025	8,846,068	9,456,889
Federal Nat'l Mtg Assn #308186 ARM	Adj	04/01/2025	4,058,345	4,180,096
FHA Project Oak Terrace	7.000	01/01/2029	2,591,463	2,435,975
FHA Project Rolling Ridge	7.000	05/25/2029	3,304,545	3,106,273
FHA Project Vineyard Apts	7.000	01/01/2029	2,999,274	2,819,317
FHA Project Beaver Creek Apts	7.125	05/20/2035	2,618,558	2,481,084
FHA Project Town & Country Apts	7.125	05/01/2029	5,547,347	5,256,111
Government Nat'l Mtg Assn 1994-2Z	7.991	07/16/2024	11,649,264	10,771,841
Government Nat'l Mtg Assn #002549	6.500	09/15/2003	2,356,707	2,328,332
Government Nat'l Mtg Assn #003031	6.500	09/15/2003	2,024,975	2,000,595

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC BONDS (Continued)

DESCRIPTION	COUPON RATE	MATURITY DATE	PAR VALUE	MARKET VALUE
U S TREASURY & GOVERNMENT AGENCY SECURITIES (Continued)				
Government Nat'l Mtg Assn #008595	6.500	02/20/2025	$ 9,168,195	$ 9,214,036
Government Nat'l Mtg Assn #008607	6.500	03/20/2025	8,223,551	8,259,570
Government Nat'l Mtg Assn #008608	6.500	03/20/2025	18,054,708	18,144,982
Government Nat'l Mtg Assn #372798	7.500	02/15/2024	6,112,160	6,029,768
Government Nat'l Mtg Assn #410122	7.500	10/15/2025	10,272,046	10,133,579
Government Nat'l Mtg Assn #412492	7.500	09/15/2025	8,488,911	8,374,480
Government Nat'l Mtg Assn #412478	7.500	08/15/2025	14,592,935	14,396,222
Government Nat'l Mtg Assn #417191	7.500	01/15/2026	8,336,767	8,224,388
Government Nat'l Mtg Assn #418777	7.500	09/15/2025	4,886,877	4,821,002
Government Nat'l Mtg Assn #780190	7.500	07/15/2025	29,914,369	29,511,124
Government Nat'l Mtg Assn #780236	7.000	07/15/2008	9,105,398	9,031,372
Government Nat'l Mtg Assn #780287	7.000	12/15/2008	15,834,768	15,706,031
National Archives Facilities Trust	8.500	09/01/2019	7,759,930	8,512,876
U S Treasury Bonds	6.250	08/15/2023	28,750,000	26,066,655
U S Treasury Bonds	6.875	08/15/2025	9,050,000	8,958,052
U S Treasury Bonds	7.125	02/15/2023	11,000,000	11,118,580
U S Treasury Bonds	7.500	11/15/2016	180,000,000	189,111,600
U S Treasury Bonds	7.875	02/15/2021	6,080,000	6,669,942
U S Treasury Bonds	8.125	08/15/2019	5,000,000	5,612,500
U S Treasury Bonds	8.500	02/15/2020	19,300,000	22,505,537
U S Treasury Bonds	8.750	05/15/2017	1,300,000	1,542,333
U S Treasury Bonds	10.625	08/15/2015	13,500,000	18,634,185
U S Treasury Bonds	12.000	08/15/2013	4,500,000	6,343,605
U S Treasury Coupon Strips	0.000	02/15/2004	10,500,000	6,348,510
U S Treasury Coupon Strips	0.000	05/15/2015	21,000,000	5,531,820
U S Treasury Notes	5.000	01/31/1999	15,000,000	14,557,050
U S Treasury Notes	5.500	11/15/1998	83,000,000	81,690,260
U S Treasury Notes	5.625	11/30/2000	41,000,000	39,712,190
U S Treasury Notes	5.750	08/15/2003	80,000,000	76,187,200
U S Treasury Notes	6.250	04/30/2001	22,930,000	22,711,477
U S Treasury Notes	6.375	08/15/2002	35,120,000	34,823,587
U S Treasury Notes	6.500	04/30/1997	43,000,000	43,261,870
U S Treasury Notes	6.500	08/15/2005	36,000,000	35,482,320
U S Treasury Notes	6.500	05/31/2001	17,560,000	17,568,253
U S Treasury Notes	6.875	05/15/2006	16,703,000	16,888,236
U S Treasury Notes	6.875	02/28/1997	49,000,000	49,382,690
U S Treasury Notes	7.750	12/31/1999	5,000,000	5,209,350
U S Treasury Notes	7.500	11/15/2001	17,560,000	18,336,503
TOTAL U S TREASURY & GOVERNMENT AGENCY SECURITIES			1,220,381,808	1,196,205,406
CORPORATE BONDS				
Abbey National PLC Sub Notes	6.690	10/17/2005	3,000,000	2,885,100
Abbott Laboratories Notes	6.800	05/15/2005	3,000,000	2,951,220
ABN Amro Bank Gtd Notes	7.000	04/01/2008	3,000,000	2,904,540
Air Products & Chemicals Inc Notes	7.375	05/01/2005	3,000,000	3,029,940
Albertson's Inc Notes	6.375	06/01/2000	3,000,000	2,952,570
Albertson's Inc Notes	7.750	06/15/2026	3,000,000	3,068,550
American Express Cr Cd Corp Sr Notes	6.500	08/01/2000	3,000,000	2,972,280

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC BONDS (Continued)

DESCRIPTION	COUPON RATE	MATURITY DATE	PAR VALUE	MARKET VALUE
CORPORATE BONDS (Continued)				
American General Fin'l Corp Sr Notes	7.450	07/01/2002	$ 2,000,000	$ 2,039,900
American Home Products Corp	7.900	02/15/2005	5,000,000	5,228,400
Amoco Argentina Notes	6.625	09/15/2005	3,000,000	2,897,070
Anheuser Busch Cos Inc Notes	6.750	06/01/2005	3,000,000	2,918,220
Associates Corp of N A Notes	8.250	12/01/1999	3,000,000	3,134,910
Banc One Corp Notes	7.000	07/15/2005	3,000,000	2,928,000
Bayerische Landesbank N Y Dep Notes	6.200	02/09/2006	3,000,000	2,777,160
BellSouth Telecommunications Notes	6.500	06/15/2005	3,000,000	2,890,170
CIT Group Holdings Notes	6.750	05/14/2001	3,000,000	2,983,740
Chase Manhattan Cr Cd 96-4A	6.730	02/15/2002	10,000,000	10,059,300
Chemical Bank Sub Notes	6.125	11/01/2008	2,000,000	1,778,360
Chevron Capital USA Inc Gtd Notes	7.450	08/15/2004	3,000,000	3,029,970
Citicorp Notes	7.125	03/15/2004	2,000,000	1,977,020
CMC Securities Corp III 1994-A10	6.750	02/25/2024	6,782,908	6,611,165
Comerica Inc Sub Notes	7.250	08/01/2007	3,000,000	2,953,260
Countrywide Funding Corp	6.500	10/25/2008	5,669,992	5,332,117
Crestar Financial Corp Sub Notes	8.750	11/15/2004	2,000,000	2,157,120
CSX Equipment Trust Certificates	6.670	06/01/2005	2,000,000	1,932,820
Dean Witter Discover Notes	6.500	11/01/2005	3,000,000	2,822,310
Dean Witter Discover Med-Term Notes	7.750	06/01/2001	2,000,000	2,054,900
Disney Walt Bonds	6.750	03/30/2006	3,000,000	2,902,950
Dow Jones & Co Inc Notes	5.750	12/01/2000	3,000,000	2,882,490
Dresser Industries Inc Notes	6.250	06/01/2000	3,000,000	2,928,630
Duke Power Co 1st Ref Mtg Bonds	7.000	07/01/2000	2,000,000	2,007,180
DuPont E I de Nemours & Co Debentures	8.250	01/15/2022	3,000,000	3,074,010
Eastman Chemical Co Notes	6.375	01/15/2004	3,000,000	2,849,910
Equitable Life Assurance Surplus Notes	6.950	12/01/2005	3,000,000	2,880,390
Fifth Third Bank Sub Notes	6.750	07/15/2005	2,000,000	1,923,240
First Bank Systems Sub Notes	7.625	05/01/2005	3,000,000	3,037,320
First Union Corp Sub Notes	8.125	12/15/1996	5,000,000	5,047,250
First USA 1992-1 Asset Backed Sec	5.200	06/15/1998	3,333,333	3,323,933
Ford Motor Credit Co Med-Term Notes	9.100	07/05/1996	4,600,000	4,600,874
Ford Motor Credit Co Notes	6.250	12/08/2005	3,000,000	2,768,940
General Electric Capital Corp Gtd Notes	7.500	08/21/2035	6,000,000	5,993,760
General Electric Capital Corp Med-Term Notes	7.840	02/05/1998	5,000,000	5,136,100
General Motors Accept Corp Med-Term Notes	6.450	11/13/2002	5,000,000	4,834,500
GTE South Inc Debentures	7.250	08/01/2002	3,000,000	3,041,370
Healthcare Property Conv	6.000	11/08/2000	5,000,000	4,925,000
IBM Corp Debentures	7.000	10/30/2025	3,000,000	2,767,650
International Bank for Recon & Develop	7.625	01/19/2023	11,180,000	11,473,475
International Lease Finance Corp Notes	6.250	06/15/1998	2,000,000	1,989,100
International Lease Finance Corp Notes	6.375	11/01/1996	3,950,000	3,953,358
International Lease Finance Corp Med-Term Notes	6.420	09/11/2000	3,000,000	2,951,040
International Lease Finance Corp Med-Term Notes	6.470	01/20/1997	6,000,000	6,013,200
ITT Corp Notes	6.750	11/15/2005	4,400,000	4,161,036
ITT Hartford Group Inc Notes	7.250	12/01/1996	7,900,000	7,913,272
Lockheed Martin Corp Gtd Notes	6.850	05/15/2001	2,000,000	1,995,060
Lockhead Martin Corp Notes	7.250	05/15/2006	13,100,000	13,074,848
Lumberman's Mutual Casualty Sub Notes	9.150	07/01/2026	1,000,000	1,020,300
Lyondell Petrochemical Co	9.125	03/15/2002	6,000,000	6,483,180

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC BONDS (Continued)

DESCRIPTION	COUPON RATE	MATURITY DATE	PAR VALUE	MARKET VALUE
CORPORATE BONDS (Continued)				
Mallinckrodt Group Inc Notes	6.750	09/15/2005	$ 1,000,000	$ 959,090
McDonald's Corp Notes	6.625	09/01/2005	3,000,000	2,877,990
Michigan Bell Telephone Notes	6.375	02/01/2005	3,000,000	2,821,500
National City Corp Sub Notes	6.625	03/01/2004	3,000,000	2,875,590
National Re Corp Sr Notes	8.850	01/15/2005	2,000,000	2,133,100
NBD Bank N A Med-Term Notes	6.500	05/27/1997	3,000,000	3,012,990
Norfolk & Southern Equipment Trust	7.750	08/15/2003	2,000,000	2,057,920
Norwest Corporation Sr Notes	7.750	12/31/1996	3,000,000	3,028,920
PanAmerican Beverage Inc Sr Notes	8.125	04/01/2003	2,000,000	1,988,700
Parker Hannifin Corp Notes	7.300	05/15/2011	1,000,000	991,130
Penney J C & Co Notes	7.050	05/23/2005	3,000,000	2,962,620
Pepsico Inc Notes	6.800	05/15/2000	3,000,000	3,004,230
Praxair Inc Notes	6.850	06/15/2005	3,000,000	2,893,620
Premier Auto Trust 1995-2 A3	6.850	10/04/1997	7,082,546	7,091,399
Premier Auto Trust 1995-4 A4	6.000	05/06/2000	9,875,000	9,816,343
Repsol International Finance Sr Notes	7.000	08/01/2005	3,000,000	2,958,720
Republic New York Corp Debentures	7.875	12/12/2001	5,000,000	5,205,000
Rockwell International Notes	6.625	06/01/2005	3,000,000	2,893,830
Royal Bank of Scotland Sub Notes	6.375	02/01/2011	1,000,000	890,820
Safeco Corp Notes	7.875	04/01/2005	3,000,000	3,080,730
Sears Roebuck Acceptance Corp Notes	6.500	06/15/2000	3,000,000	2,965,830
Signet Credit Card Master Trust 1993-1A	5.200	02/15/2002	7,000,000	6,822,760
Societe Generale N Y Sub Notes	7.400	06/01/2006	2,000,000	1,997,660
Sonat Inc Notes	6.875	06/01/2005	3,000,000	2,908,140
Southern Calif Edison 1st Ref Mtg Bonds	5.625	10/01/2002	3,000,000	2,784,360
Southern National Corp Sub Notes	7.050	05/23/2003	3,000,000	2,984,970
Southwestern Bell Tel Med-Term Notes	7.000	08/26/2002	3,000,000	3,012,390
Suntrust Banks Inc Debentures	6.000	02/15/2026	4,000,000	3,673,760
Sysco Corp Notes	6.500	06/15/2005	3,000,000	2,874,840
Texaco Capital Debentures	8.500	02/15/2003	3,000,000	3,207,600
U S West Communications Debentures	6.875	09/15/2033	7,000,000	6,128,710
Union Pacific Corp Notes	7.600	05/01/2005	3,000,000	3,032,520
Virginia Electric & Power Co 1st Ref Mtg Bonds	6.000	08/01/2001	1,000,000	960,360
Virginia Electric & Power Co 1st Ref Mtg Bonds	6.625	04/01/2003	2,000,000	1,946,220
Wachovia Corp Sub Notes	6.800	06/01/2005	5,000,000	4,863,950
Willamette Industries Debentures	7.350	07/01/2026	3,000,000	2,999,580
Wisconsin Electric Power Debentures	6.875	12/01/2055	5,000,000	4,499,150
Zeneca Wilmington Notes	6.300	06/15/2003	3,000,000	2,859,720
TOTAL CORPORATE BONDS			345,873,779	341,290,240
MISCELLANEOUS BONDS				
CMO Trust 42-A	0.000	10/01/2014	4,017,541	2,936,541
Gulf Coast Waste Disposal Authority	Adj	10/01/2015	5,000,000	5,000,000
TOTAL MISCELLANEOUS BONDS			9,017,541	7,936,541
TOTAL DOMESTIC BONDS			$1,575,273,128	$1,545,432,187

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL BONDS

DESCRIPTION (BY CURRENCY)	COUPON RATE	MATURITY DATE	PAR VALUE	MARKET VALUE (USD)
AUSTRALIAN DOLLAR				
Australia (Commonwealth)	9.500	08/15/2003	$ 1,050,000	$ 858,388
Australia (Commonwealth)	6.750	11/15/2006	29,605,000	20,004,827
Australia (Commonwealth)	12.000	11/15/2001	18,370,000	16,527,133
Queensland Treasury Corp	8.000	08/14/2001	1,531,000	1,170,335
TOTAL AUSTRALIAN DOLLAR			50,556,000	38,560,683
BELGIAN FRANC				
Belgium (Kingdom of)	7.250	04/29/2004	69,480,000	2,319,105
Belgium (Kingdom of)	5.100	11/21/1998	152,400,000	4,959,360
TOTAL BELGIAN FRANC			221,880,000	7,278,465
BRITISH POUND				
Bank Of England	8.000	02/26/2021	3,830,000	5,817,160
Conversion (U K)	10.000	11/15/1996	1,963,000	3,095,863
U K Treasury	10.000	02/26/2001	14,670,000	25,159,168
U K Treasury	8.500	12/07/2005	7,408,000	11,999,758
U K Treasury (Loan Stk)	7.500	12/07/2006	5,785,000	8,730,313
U K Treasury	9.750	08/27/2002	14,165,000	24,348,112
U K Treasury (Gilt Bond)	6.750	11/26/2004	720,000	1,046,019
U K Treasury	7.000	11/06/2001	10,320,000	15,754,611
U K Treasury	8.000	12/07/2000	2,710,000	4,337,125
TOTAL BRITISH POUND			61,571,000	100,288,129
CANADIAN DOLLAR				
Government of Canada	7.500	03/01/2001	31,730,000	23,718,153
Government of Canada	7.000	12/01/2006	9,490,000	6,607,323
Government of Canada	6.500	06/01/2004	37,510,000	25,833,068
Government of Canada	8.000	06/01/2023	18,400,000	13,318,786
Government of Canada	9.000	06/01/2025	7,420,000	5,960,472
Government of Canada	7.500	03/01/2001	8,645,000	6,460,232
TOTAL CANADIAN DOLLAR			113,195,000	81,898,034
DANISH KRONE				
Kingdom of Denmark	6.250	02/10/1997	7,670,000	1,324,168
Kingdom of Denmark	7.000	12/15/2004	57,210,000	9,651,563
Kingdom of Denmark	8.000	03/15/2006	64,065,000	11,359,627
Kingdom of Denmark	8.000	05/15/2003	133,340,000	24,063,635
TOTAL DANISH KRONE			262,285,000	46,398,993
FRENCH FRANC				
France (Government of)	7.750	04/12/2000	12,650,000	2,658,715
France (Government of)	5.500	04/25/2004	68,710,000	12,632,652
TOTAL FRENCH FRANC			81,360,000	15,291,367

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL BONDS (Continued)

DESCRIPTION (BY CURRENCY)	COUPON RATE	MATURITY DATE	PAR VALUE	MARKET VALUE (USD)
GERMAN DEUTSCHE MARK				
Federal Republic of Germany	5.250	10/28/1998	$ 27,410,000	$ 18,362,303
Federal Republic of Germany	6.000	02/16/2006	44,945,000	28,346,426
Federal Republic of Germany	6.250	01/04/2024	77,720,000	44,907,029
Federal Republic of Germany	6.500	07/15/2003	28,490,000	18,980,993
Federal Republic of Germany	8.375	01/20/1997	20,045,000	13,513,995
Federal Republic of Germany	7.750	02/21/2000	9,843,000	7,007,162
Federal Republic of Germany	6.625	01/20/1998	50,660,000	34,600,083
Treuhandanstalt	7.750	10/01/2002	26,675,000	19,037,061
Treuhandanstalt	6.500	04/23/2003	23,800,000	15,892,320
Treuhandanstalt	7.125	01/29/2003	28,310,000	19,586,425
TOTAL GERMAN DEUTSCHE MARK			337,898,000	220,233,797
ITALIAN LIRE				
Italy (Republic of)	9.500	02/01/1999	10,390,000,000	6,959,422
Italy (Republic of)	10.500	07/15/1998	4,570,000,000	3,098,041
Italy (Republic of)	8.500	08/01/1997	14,000,000,000	9,128,147
Italy (Republic of)	9.500	01/01/2005	5,825,000,000	3,870,918
Italy (Republic of)	8.500	08/01/1999	71,130,000,000	46,498,147
Italy (Republic of)	10.500	04/01/2005	3,390,000,000	2,383,912
Italy (Republic of)	10.500	04/01/2000	6,000,000,000	4,142,207
Italy (Republic of)	10.500	09/01/2005	61,865,000,000	43,415,852
TOTAL ITALIAN LIRE			177,170,000,000	119,496,646
JAPANESE YEN				
Austria (Republic of)	4.500	09/28/2005	550,000,000	5,547,312
Export-Import Bank of Japan	4.375	10/01/2003	1,245,000,000	12,372,644
International Bank of Rec & Dev	4.500	06/20/2000	1,395,000,000	13,918,968
International Bank of Rec & Dev	4.750	12/20/2004	2,228,700,000	22,923,213
International Bank of Rec & Dev	5.250	03/20/2002	4,308,400,000	44,903,107
Japan (Government of)	5.000	09/22/2014	501,150,000	5,328,987
Japan (Government of)	4.900	03/20/2009	83,350,000	864,266
Japan (Government of)	6.600	06/20/2000	2,047,450,000	21,891,065
Japan (Government of)	5.500	03/20/2002	1,061,950,000	11,153,809
Japan (Government of)	2.900	12/20/2005	1,904,000,000	16,875,030
TOTAL JAPANESE YEN			15,325,000,000	155,778,401
NETHERLANDS GUILDER				
Dutch Government	8.250	02/15/2007	5,500,000	3,634,498
Dutch Government	8.500	03/15/2001	24,400,000	16,088,217
Government of the Netherlands	5.750	01/15/2004	5,430,000	3,104,718
TOTAL NETHERLANDS GUILDER			35,330,000	22,827,433

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL BONDS (Continued)

DESCRIPTION (BY CURRENCY)	COUPON RATE	MATURITY DATE	PAR VALUE	MARKET VALUE (USD)
NEW ZEALAND DOLLAR				
Government of New Zealand	8.000	11/15/2006	$ 22,500,000	$ 14,734,242
Government of New Zealand	8.000	04/15/2004	9,500,000	6,210,711
Government of New Zealand	10.000	07/15/1997	16,000,000	11,009,295
TOTAL NEW ZEALAND DOLLAR			48,000,000	31,954,248
SPANISH PESETA				
Government of Spain	12.250	03/25/2000	438,260,000	3,874,614
Government of Spain	10.250	11/30/1998	95,000,000	795,057
Government of Spain	11.300	01/15/2002	884,440,000	7,686,799
Government of Spain	11.450	08/30/1998	1,700,000,000	14,290,984
Government of Spain	8.000	05/30/2004	800,000,000	5,994,498
Government of Spain	10.150	01/31/2006	1,000,000,000	8,414,339
Government of Spain	10.300	06/15/2002	1,000,000,000	8,475,098
TOTAL SPANISH PESETA			5,917,700,000	49,531,389
SWEDISH KRONA				
Kingdom of Sweden	6.000	02/09/2005	190,600,000	24,898,883
Kingdom of Sweden	11.000	01/21/1999	99,000,000	16,409,999
Kingdom of Sweden	10.250	05/05/2003	22,300,000	3,766,196
TOTAL SWEDISH KRONA			311,900,000	45,075,078
U S DOLLAR				
Government of Canada	6.500	05/30/2001	2,100,000	2,093,490
Hydro Quebec Gtd Bonds	8.400	01/15/2022	20,000,000	21,067,600
Province of British Columbia Bonds	6.500	01/15/2026	2,000,000	1,788,200
Province of Ontario Bonds	6.000	02/21/2006	5,000,000	4,579,350
Tenaga Nasional Berhad Deb	7.500	11/01/2025	6,000,000	5,714,460
TOTAL U S DOLLAR			35,100,000	35,243,100
TOTAL INTERNATIONAL BONDS			$199,971,775,000	$969,855,763

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL FUTURES AND OPTIONS

DESCRIPTION (BY CURRENCY)	EXPIRATION DATE	QUANTITY	MARKET VALUE
GERMAN DEUTSCHE MARK			
GBP Put Option	07/08/1996	13,000,000	$ 4,714
DEM Future Call Option	08/31/1996	(241)	(451)
GBP Call Option	07/08/1996	(13,000,000)	(117,322)
TOTAL GERMAN DEUTSCHE MARK		(241)	(113,059)
JAPANESE YEN			
TSE Japan (10 yr Bond Option)	09/16/1996	100	355,575
TOTAL JAPANESE YEN		100	355,575
U S DOLLAR			
DEM Put Option	07/01/1996	60,643,086	96,301
DEM Put Option	07/01/1996	60,643,086	256,884
DEM Put Option	07/01/1996	(60,643,086)	(256,884)
SEK Put Option	07/18/1996	170,000,000	22,440
SEK Call Option	07/18/1996	(170,000,000)	(341,870)
Deutschmark Call	12/31/1996	9,203,220	70,865
NZD Put Option	07/15/1996	38,800,000	2,173
AUD Call Option	07/15/1996	(20,254,436)	(28,539)
TOTAL U S DOLLAR		88,391,870	(178,630)
TOTAL INTERNATIONAL FUTURES AND OPTIONS		88,391,729	$ 63,886

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS

DESCRIPTION	SHARES	MARKET VALUE
A T & T Corp	506,000	$ 31,372,000
Aames Financial Corp	37,500	1,345,313
Abacan Resources Corp	65,900	274,935
Abbott Laboratories	222,600	9,683,100
ABR Information Services Inc	24,500	1,231,125
Access Health Marketing Inc	67,500	3,189,375
Accustaff Inc	150,400	4,098,400
ACT Manufacturing Inc	35,600	520,650
Active Voice Corp	48,000	576,000
Adaptec Inc	30,000	1,421,250
Adobe Systems Inc	242,800	8,710,450
Advanced Lighting Technologies	66,900	1,170,750
Advanta Corp	49,000	2,217,250
Advantage Bancorp	8,900	302,600
Advent Software Inc	46,500	1,302,000
Advo Inc	110,000	1,141,250
Advocat Inc	44,400	421,800
AES Corp	300,000	8,475,000
Aetna Life & Casualty Co	209,700	14,993,550
Affiliated Computer Services Inc	16,900	794,300
Affinity Technology Group Inc	5,400	45,900
Affymetrix Inc	1,400	21,350
Agouron Pharmaceuticals Inc	64,300	2,507,700
Agrium Inc	105,300	1,380,378
Air Express International Corp	95,000	2,683,750
Airborne Freight Corp	90,000	2,340,000
Airnet Systems Inc	16,100	257,600
Airtouch Communications Corp	290,000	8,192,500
Aksys Ltd	5,200	79,300
Albank Financial Corp	21,840	576,030
Alberto-Culver Co	34,700	1,388,000
Alcatel Alsthom	86,000	1,526,500
Alco Standard Corp	25,000	1,131,250
Alexander & Baldwin Inc	161,400	3,893,775
Allen Group Inc	36,300	789,525
Allergan Inc	305,600	12,071,200
Alliance Pharmaceutical Corp	27,000	445,500
Allied Signal Inc	24,000	1,371,000
Allmerica Financial Corp	52,000	1,553,500
Allmerica Property & Casualty Co Inc	33,700	909,900
Allstate Corp	204,679	9,338,479
Altera Corp	10,100	383,800

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Alternative Resources Corp	25,000	$ 918,750
Alumax Inc	45,000	1,366,875
Aluminum Co of America	26,000	1,491,750
Alza Corp Cl A	132,000	3,613,500
Ambac Inc	220,000	11,467,500
Amerada Hess Corp	57,000	3,056,625
America OnLine Inc	20,200	883,750
America West Airlines Inc	27,400	602,800
American Brands Inc	95,400	4,328,775
American Express Co	56,300	2,512,388
American Freightways Corp	109,700	1,220,413
American Greetings Corp	235,000	6,433,125
American Home Products Corp	265,000	15,933,125
American HomePatient Inc	25,100	1,110,675
American International Group Inc	216,075	21,310,397
American Management Systems Inc	50,000	1,462,500
American Mobile Satellite Corp	19,800	306,900
American Oncology Resources Inc	126,000	2,740,500
American Portable Telecom Inc	36,500	392,375
American Re Corp	65,000	2,916,875
American States Financial Corp	40,000	860,000
American Stores Co	191,500	7,803,625
AmeriSource Health Corp	54,800	1,822,100
Amgen Inc	152,900	8,256,600
AML Communications Inc	22,500	511,875
Amoco Corp	75,000	5,409,375
Amphenol Corp	51,500	1,184,500
AMR Corp Delaware	20,000	1,820,000
Anadigics Inc	26,700	777,638
Analog Devices Inc	60,000	1,522,500
Anchor Gaming	56,900	3,428,225
Angelica Corp	46,000	1,086,750
Anheuser Busch Companies Inc	90,000	6,750,000
Anixter International Inc	81,000	1,204,875
AnnTaylor Stores Inc	60,000	1,215,000
Ansys Inc	19,200	252,000
Antec Corp	177,200	2,813,050
Aon Corp	194,600	9,875,950
Apache Corp	30,000	986,250
Apollo Group Inc	57,300	1,604,400
Apple South Inc	30,000	802,500
Applied Materials Inc	350,200	10,681,100

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
APS Holding Corp	13,100	$ 288,200
Aptargroup Inc	24,900	753,225
Aquila Gas Pipeline Corp	70,300	913,900
Arbor Drugs Inc	135,000	2,818,125
Arch Communications Group Inc	95,000	1,769,375
Archer Daniels Midland Co	305,050	5,834,081
Arctco Inc	57,100	713,750
Argonaut Group Inc	12,900	403,125
Armstrong World Industries Inc	69,400	3,999,175
Arnold Industries Inc	42,600	607,050
Arterial Vascular Engineering Inc	35,800	1,297,750
ARV Assisted Living Inc	65,300	1,012,150
Arvin Industries Inc	199,000	4,427,750
Ascend Communications Inc	110,900	6,238,125
ASM Lithography Holdings	58,500	2,398,500
Aspect Development Inc	37,800	963,900
Aspect Telecommunications Corp	32,800	1,623,600
Aspen Technology Inc	27,000	1,485,000
Associated Banc Corp	50,000	1,937,500
Astea International Inc	111,300	2,699,025
Astoria Financial Corp	26,700	724,238
Astra A B Cl A	36,000	1,575,000
Atlantic Southeast Airlines Inc	93,000	2,627,250
Atlas Air Inc	93,200	5,359,000
Atmel Corp	224,600	6,766,075
Atria Software Inc	108,600	5,430,000
Augat Inc	53,000	1,013,625
Autodesk Inc	234,600	7,008,675
Automatic Data Processing Inc	289,700	11,189,663
Avant Corp	22,000	511,500
Aviation Sales Co	7,500	153,750
Avigen Inc	21,500	150,500
Avnet Inc	35,000	1,474,375
Avon Products Inc	437,400	19,737,675
Avondale Industries Inc	40,300	725,400
Axent Technologies Inc	19,600	323,400
B I Inc	74,000	980,500
Baker Hughes Inc	100,000	3,287,500
Ball Corp	35,000	997,500
Bancorp Hawaii Inc	95,000	3,420,000
Bank of Boston Corp	116,500	5,766,750
BankAmerica Corp	238,400	18,058,800

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Bankers Trust N Y Corp	61,300	$ 4,528,538
Banta Corp	18,750	473,438
Bard C R Inc	82,300	2,808,488
Barefoot Inc	100,000	1,100,000
Barnes & Noble Inc	110,000	3,946,250
Barrett Resources Corp	175,200	5,212,200
Barrick Gold Corp	360,000	9,765,000
Baxter International Inc	89,000	4,205,250
Bay Networks Inc	70,000	1,802,500
Bay View Capital Corp	48,900	1,662,600
Baybanks Inc	24,000	2,586,000
BE Aerospace Inc	27,700	360,100
Bear Stearns Companies Inc	84,000	1,984,500
Beckman Instruments Inc	52,900	1,996,975
Bed Bath & Beyond Inc	106,000	2,835,500
Belco Oil & Gas Corp	7,700	273,350
Bell Cablemedia PLC	36,750	615,563
Bell Microproducts Inc	48,800	372,100
Bell & Howell Co	29,200	952,650
Belo A H Corp	80,000	2,980,000
Bemis Co Inc	65,000	2,275,000
Benton Oil & Gas Co	94,700	2,083,400
Berkley W R Corp	27,000	1,127,250
Bethlehem Steel Corp	116,000	1,377,500
Betz Laboratories Inc	73,000	3,202,875
Beverly Enterprises Inc	330,000	3,960,000
Big B Inc	64,100	608,950
Biogen Inc	47,500	2,606,563
Biomet Inc	135,000	1,940,625
Bio-Plexus Inc	19,000	190,000
Birmingham Steel Corp	53,300	879,450
BISYS Group Inc	65,000	2,453,750
BJ Services Co	29,700	1,043,213
Black & Decker Corp	486,000	18,771,750
Block Drug Inc	39,120	1,643,040
Blyth Industries Inc	99,900	4,532,963
Boatmen's Bancshares Inc	66,000	2,648,250
Bob Evans Farms Inc	370,000	6,290,000
Boeing Co	130,100	11,334,963
Bon-Ton Stores Inc	34,100	174,763
Borders Group Inc	4,500	145,125
Borg Warner Security Corp	56,100	546,975

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Boston Beer Company Inc	4,300	$ 103,200
Boston Chicken Inc	58,900	1,914,250
Boston Communications Group Inc	5,100	84,150
Boston Technology Inc	32,000	540,000
Bostonfed Bancorp Inc	52,000	624,000
Bowater Inc	100,900	3,796,363
Brinker International Inc	141,000	2,115,000
Bristol Myers Squibb Co	108,000	9,720,000
Brooks Automation Inc	36,700	422,050
Brown Group Inc	173,000	3,005,875
Burlington Industries Inc	226,400	3,197,900
Burlington Northern Santa Fe Corp	215,300	17,412,388
Bush Boake Allen Inc	100,000	2,175,000
Business Objects S A ADR	82,800	3,332,700
BW/IP Holdings Inc	51,400	976,600
C P Clare Corp	72,700	1,872,025
Cadence Design Systems Inc	60,000	2,025,000
Caere Corp	39,400	458,025
Calgon Carbon Corp	344,500	4,650,750
California Microwave Inc	35,200	536,800
Calmat Co	61,000	1,105,625
Cambridge Technology Partners	86,400	2,635,200
Camden Property Trust	15,000	356,250
Campbell Soup Co	215,000	15,157,500
Canadian Pacific Ltd	297,500	6,545,000
Canandaigua Wine Inc	110,000	3,300,000
Capmac Holdings Inc	35,400	1,008,900
Cardiovascular Dynamics Inc	28,700	351,575
Career Horizons Inc	172,700	6,044,500
Carnival Corp Cl A	158,400	4,573,800
Cascade Communications Corp	60,000	4,080,000
Case Corporation	70,500	3,384,000
Castle & Cooke Inc	34,666	554,656
Catalina Marketing Corp	19,000	1,738,500
Catellus Development Corp	102,300	933,488
Caterpillar Inc	96,000	6,504,000
Catherine's Stores Corp	42,000	414,750
CBT Group PLC ADR	102,200	4,726,750
Centerior Energy Corp	103,600	777,000
Central Louisiana Electric Inc	35,000	931,875
Century Aluminum Co	39,000	614,250
Century Telephone Enterprises Inc	167,544	5,340,465

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Ceridian Corp	32,500	$ 1,641,250
Cerion Technologies Inc	22,400	218,400
Chancellor Broadcasting Co	19,600	612,500
Chart House Enterprises Inc	47,900	341,288
Charter One Financial Inc	50,000	1,743,750
Chase Manhattan Corp	437,080	30,868,775
Check Point Software Tech Ltd	6,500	156,000
Checkfree Corp	54,700	1,087,163
Chelsea GCA Realty Inc	11,200	355,600
Chesapeake Corp	108,600	2,850,750
Chesapeake Energy Corp	26,600	2,390,675
Chevron Corp	40,000	2,360,000
Cheyenne Software Inc	184,500	3,551,625
Chris Craft Industries Inc	20,704	908,388
Chrysler Corp	217,000	13,562,500
Chubb Corp	140,600	7,012,425
Ciba Geigy A G	89,000	5,451,250
Cidco Inc	107,900	3,803,475
Cigna Corp	65,000	7,661,875
Cinar Films Inc	2,300	50,025
Cintas Corp	85,000	4,547,500
Circuit City Stores Inc	175,000	6,321,875
Circus Circus Enterprises Inc	190,000	7,790,000
Cisco Systems Inc	181,900	10,300,088
Citicorp	305,200	25,255,300
Citrix Systems Inc	66,600	2,530,800
City National Corp	68,700	1,082,025
CKS Group Inc	667	21,511
Claire's Stores Inc	10,500	288,750
Clarify Inc	10,100	499,950
Clear Channel Communications Inc	75,000	6,178,125
CMAC Investment Corp	18,500	1,056,813
CMG Information Services Inc	42,000	1,134,000
CMS Energy Corp	252,600	7,799,025
Coastal Corp	118,200	4,934,850
Coca-Cola Co	190,000	9,310,000
Coca-Cola Enterprises Inc	125,400	4,341,975
Cognos Inc	130,000	2,990,000
Cole Kenneth Productions Inc	145,800	2,879,550
Coleman Co Inc	78,500	3,326,438
Colgate Palmolive Co	157,800	13,373,550
Colonial Data Technologies Corp	90,000	1,338,750

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Coltec Industries Inc	120,000	$ 1,710,000
Columbia/HCA Healthcare Corp	152,544	8,180,172
Comcast U K Cable Partners Ltd	68,750	876,563
Comerica Inc	36,100	1,610,963
Commnet Cellular Inc	26,300	789,000
Commodore Applied Tech Warrants	53,600	93,800
Commodore Applied Technologies Inc	62,900	349,850
Community Bank System Inc	31,800	989,775
Compaq Computer Corp	48,000	2,358,000
Compdent Corp	26,500	1,232,250
Compuserve Corp	25,000	528,125
Computer Associates International	315,000	22,365,000
Computer Horizons Corp	15,700	620,150
Computer Management Sciences Inc	47,600	1,428,000
Computervision Corp	150,000	1,500,000
Comverse Technology Inc	40,000	1,220,000
Concordia Paper Holdings Ltd	17,700	126,113
Conrail Inc	75,200	4,991,400
Consolidated Freightways Inc	234,000	4,943,250
Consolidated Stores Corp	54,000	1,984,500
Cooper Cameron Corp	91,064	3,984,050
Cooper Tire & Rubber Co	71,000	1,579,750
Cooper & Chyan Technology Inc	26,200	573,125
Coors Adolph Co	355,000	6,345,625
Copart Inc	65,200	1,075,800
Corestaff Inc	43,950	1,966,763
Corning Inc	377,000	14,467,375
Corporate Express Inc	156,750	6,270,000
Corrections Corp of America	22,000	778,250
Cost Plus Inc	55,000	1,526,250
Countrywide Credit Industries Inc	50,000	1,237,500
CPC International Inc	82,000	5,904,000
CRA Managed Care Inc	80,700	3,611,325
Crestar Financial Corp	45,000	2,401,875
Crompton & Knowles Corp	50,000	837,500
Cronos Group (The)	22,200	155,400
Cross Timbers Oil Co	50,200	1,242,450
Crosscomm Corp	23,400	239,850
Crown Cork & Seal Co Inc	275,000	12,375,000
CSG Systems International Inc	68,300	1,775,800
CSX Corp	35,000	1,688,750
Cubic Corp	16,300	531,788

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
CUC International Inc	150,000	$ 5,325,000
Culligan Water Technologies Inc	44,300	1,683,400
Cytec Industries Inc	19,000	1,624,500
Cytotherapeutics Inc	71,800	798,775
Dallas SemiConductor Corp	120,000	2,175,000
Dames & Moore Inc	135,000	1,636,875
Daniel Industries Inc	32,800	475,600
Danka Business Systems	14,500	424,125
Darden Restaurants Inc	242,000	2,601,500
Data General Corp	50,700	659,100
Datastream Systems Inc	61,000	2,150,250
Dauphin Deposit Corp	30,500	869,250
Dayton Hudson Corp	23,500	2,423,438
Dean Foods Co	230,000	5,692,500
Dean Witter Discover Co	141,100	8,060,338
DecisionOne Holdings Corp	22,800	541,500
Dell Computer Corp	31,000	1,577,125
Delta Air Lines Inc	35,000	2,905,000
Deluxe Corp	40,000	1,420,000
Dendrite International Inc	26,000	897,000
Dentsply International Inc	75,000	3,187,500
Department 56 Inc	56,000	1,267,000
Designer Holdings Ltd	44,600	1,187,475
Desktop Data Inc	52,300	1,738,975
Destec Energy Inc	494,000	6,298,500
Dexter Corp	32,200	957,950
Dial Corp	108,000	3,091,500
Dialogic Corp	31,700	1,890,113
Diamond Home Services Inc	6,700	112,225
Diamond Offshore Drilling Inc	14,300	815,100
Digene Corp	13,800	110,400
Digital Equipment Corp	171,000	7,716,375
Dillard Department Stores Inc	115,300	4,208,450
Discount Auto Parts Inc	60,000	1,522,500
Disney Walt Co	375,486	23,608,682
Dole Food Company	25,000	1,075,000
Dollar Tree Stores Inc	113,550	3,605,213
Donaldson Co Inc	98,000	2,523,500
Donna Karan International Inc	6,300	176,400
Doubletree Corp	55,000	1,952,500
Dow Chemical Co	32,600	2,477,600
Downey Financial Corp	50,025	1,094,297

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Dravo Corp	62,300	$ 926,713
Dresser Industries Inc	83,700	2,469,150
DSC Communications Corp	143,000	4,307,875
DSP Communications Inc	56,200	2,887,275
DST Systems Inc	75,000	2,400,000
Du Pont E I De Nemours & Co	151,100	11,955,788
Dun & Bradstreet Corp	50,000	3,125,000
Dura Pharmaceuticals Inc	42,300	2,368,800
Duracell International Inc	250,000	10,781,250
Eastman Kodak Co	319,000	24,802,250
Echlin Inc	35,000	1,325,625
Echostar Communications Corp	7,100	200,575
Eckerd Corp	70,000	1,583,750
Edify Corp	15,300	405,450
Egghead Inc	81,500	906,688
Elan Corp PLC	17,500	1,001,875
Electronic Arts Inc	208,600	5,580,050
Electronic Data Systems Corp	75,000	4,031,250
Electronics for Imaging Inc	30,000	2,081,250
Elf Aquitaine	92,000	3,381,000
Elsag Bailey Process Automation N V	15,600	417,300
EMC Corp-Mass	540,500	9,999,250
Emcor Group Inc	41,700	630,713
Emeritus Corp	36,000	634,500
Emerson Electric Co	27,000	2,440,125
Encad Inc	97,600	1,659,200
Endosonics Corp	102,900	1,839,338
Enron Corp	360,700	14,743,613
Entergy Corp	314,900	8,935,288
Epic Design Technology Inc	99,000	2,499,750
Equitable Companies Inc	46,000	1,144,250
Equity Residential Properties	25,000	821,875
Ergo Science Corp	23,800	443,275
ESC Medical Systems Ltd	29,400	830,550
Ethan Allen Interiors Inc	11,000	272,250
Everest Reinsurance Holdings Inc	135,000	3,493,125
Exar Corp	27,300	354,900
Excalibur Technologies Corp	27,900	627,750
Excel Industries Inc	34,100	426,250
Exel Ltd Ordinals	15,000	1,057,500
Express Scripts Inc	52,800	2,428,800
Exxon Corp	26,000	2,258,750

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Family Golf Centers Inc	67,900	$ 1,705,988
Fay's Inc	64,700	509,513
Federal Express Corp	87,000	7,134,000
Federal Home Loan Mortgage Corp	200,200	17,117,100
Federal National Mortgage Assn	784,000	26,264,000
Federated Department Stores Inc	441,700	15,073,013
Fieldcrest Cannon Inc	34,400	675,100
Fila Holding S P A	25,000	2,156,250
Filenet Corp	58,000	2,117,000
Finova Group Inc	66,000	3,217,500
First Alert Inc	130,000	520,000
First American Corp -Tenn	40,000	1,685,000
First Bank Systems Inc	54,900	3,184,200
First Colony Corp	52,000	1,612,000
First Commerce Corp	67,500	2,387,813
First Commercial Corp	55,000	1,691,250
First Commonwealth Inc	42,400	1,181,900
First Data Corp	193,811	15,456,427
First Financial Corp Wisc	10,000	225,000
First Palm Beach Bancorp Inc	26,100	557,888
First Savings Bank of Washington	34,700	542,188
First Security Corp	42,000	1,008,000
First Team Sports Inc	70,000	752,500
First Tennessee National Corp	29,400	900,375
First Union Corp	130,000	7,913,750
First USA Inc	19,000	1,045,000
First USA Paymentech Inc	3,300	132,000
FirstFed Financial Corp	35,900	623,763
Fisher Scientific International Inc	59,000	2,212,500
Fleet Financial Group Inc	120,000	5,220,000
Flowers Industries Inc	150,000	2,418,750
Fluor Corp	193,400	12,643,525
Flushing Financial Corp	57,400	990,150
FMC Corp	57,100	3,725,775
Foamex International Inc	9,900	121,275
Food Lion Inc Cl A	215,000	1,706,456
Forasol-Foramer N V	69,600	878,700
Ford Motor Co	346,500	11,217,938
Fore Systems Inc	29,400	1,062,076
Forest Laboratories Inc	89,600	3,460,800
Foster Wheeler Corp	48,000	2,148,000
Fremont General Corp	26,400	607,200

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Frontier Corp	35,000	$ 1,071,876
Frontier Insurance Group Inc	85,280	2,942,160
Fruit of the Loom Inc	133,000	3,391,500
Fuller H B Co	29,600	1,073,000
Fuqua Enterprises Inc	10,800	313,200
G & K Services Inc	166,200	4,736,700
Gannett Co Inc	227,000	16,060,250
Gap Inc	110,000	3,533,750
Garden Botanika Inc	1,300	28,600
Gartner Group Inc	185,800	6,804,925
Gateway 2000 Inc	35,000	1,190,000
Gaylord Entertainment Co	315,000	8,859,375
Gemstar International Group Ltd	48,800	1,464,000
General Chemical Group Inc	58,000	1,174,500
General Dynamics Corp	44,500	2,759,000
General Electric Co	308,600	26,771,050
General Growth Properties Inc	15,000	361,876
General Instrument Corp	184,600	5,330,325
General Mills Inc	99,300	5,424,262
General Motors Corp	229,000	11,993,875
General Nutrition Cos Inc	52,400	917,000
General Signal Corp	238,000	9,014,250
Genesis Health Ventures Inc	119,150	3,738,331
Genlyte Group Inc	39,600	306,900
Genset	6,600	122,926
Genzyme Corp-General Division	122,400	6,150,600
Georgia Gulf Corp	441,800	12,922,650
Giddings & Lewis Inc	40,800	663,000
Gillette Co	220,100	13,728,738
Glatfelter (P H) Co	370,000	6,660,000
Glendale Federal Bank FSB	64,800	1,174,500
Global Industrial Technologies Inc	47,500	760,000
Global Industries Ltd	40,000	1,190,000
Global Marine Inc	200,000	2,775,000
Goodyear Tire & Rubber Co	271,200	13,017,600
Goody's Family Clothing Inc	43,700	447,925
Grace W R & Co	37,500	2,657,812
Grand Casinos Inc	239,000	6,154,250
Graphic Industries Inc	43,600	414,200
Great Atlantic & Pacific Tea Inc	225,000	7,396,875
Great Lakes Chemical Corp	79,400	4,942,650
Great Western Financial	41,000	978,875

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Greater New York Savings Bank	45,800	$ 489,465
Greenwich Air Services	20,100	492,450
GTE Corp	86,000	3,848,500
GTECH Holdings Corp	50,000	1,481,250
Guarantee Life Companies Inc	42,800	754,350
Guidant Corp	19,400	955,450
Guilford Mills Inc	39,500	987,500
Gulf Canada Resources Ltd	143,000	732,875
Gulf South Medical Supply Inc	102,500	3,997,500
Gymboree Corp	20,000	610,000
Haemonetics Corp Mass	80,000	1,460,000
Halliburton Co	30,800	1,709,400
Handy & Harman	17,100	290,700
Hanna M A Co	115,500	2,411,062
Hannaford Brothers Co	40,000	1,305,000
Hanson PLC ADR	548,000	7,774,476
Harcourt General Inc	77,000	3,850,000
Harley-Davidson Inc	92,100	3,787,612
Harman International Industries Inc	19,800	975,150
Harnischfeger Industries Inc	100,000	3,325,000
Harper Group Inc	59,400	1,158,300
Harrah's Entertainment Inc	300,000	8,475,000
Harris Corp	58,500	3,568,500
Hasbro Inc	142,000	5,076,500
Haven Bancorp Inc	21,800	613,125
HBO & Co	40,000	2,710,000
Health Care & Retirement Corp	70,500	1,683,187
Health Management Associates Inc	90,000	1,833,750
Healthcare Compare Corp	30,000	1,462,500
Heartport Inc	21,700	656,425
Hecla Mining Co	108,300	758,100
Heilig-Meyers Company	73,900	1,773,600
Heinz H J Co	25,000	768,750
Hewlett Packard Co	176,100	17,543,963
HFS Inc	15,700	1,099,000
HMT Technology Corp	55,100	867,825
HNC Software Inc	42,400	1,961,000
Home Depot Inc	521,600	28,166,400
Home Financial Corp	31,500	409,500
Honeywell Inc	106,500	5,804,250
Horace Mann Educators Corp	22,400	711,200
Horizon/CMS Healthcare Corp	122,000	1,570,750

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Hormel Foods Corp	80,000	$ 2,140,000
Horsham Corp	799,200	11,088,900
Housecall Medical Resources Inc	13,000	248,625
HPR Inc	81,200	1,725,500
Hubbell Inc Cl B	30,000	1,987,500
Hudson Foods Inc	26,900	376,600
Human Genome Sciences Inc	19,300	709,275
Humana Inc	201,400	3,600,025
Hunt J B Transport Services Inc	100,000	2,087,500
I2 Technologies Inc	1,700	72,675
IBP Inc	153,200	4,232,150
ICT Group Inc	2,000	38,500
ICU Medical Inc	103,000	1,416,250
IDX Systems Corp	79,000	3,081,000
Illinois Central Corp	180,150	5,111,756
Illinois Tool Works Inc	87,300	5,903,662
Illinova Corp	107,300	3,084,875
IMC Global Inc	159,860	6,014,732
Imperial Credit Industries Inc	48,100	1,455,025
Individual Inc	38,300	631,950
Indus Group Inc	45,500	921,375
Informix Corp	110,000	2,475,000
Inland Steel Industries Inc	243,600	4,780,650
Inso Corp	72,100	3,776,237
Integrated Health Services Inc	50,000	1,187,500
Integrated Systems Inc	14,100	564,874
Intel Corp	470,900	34,581,483
Intelcom Group Inc	82,400	2,060,000
Intelliquest Information Group Inc	9,300	304,575
Interim Services Inc	26,000	1,118,000
International Business Machines Corp	144,200	14,275,800
International Family Entertainment	22,900	423,650
International Game Technology	480,000	8,100,000
International Paper Co	120,000	4,425,000
International Specialty Products Inc	190,400	2,094,400
Interneuron Pharmaceuticals Inc	26,000	780,000
Interpool Inc	26,000	474,500
Interpublic Group Cos Inc	185,300	8,685,938
Intersolv Inc	51,700	478,225
Interstate Hotels Co	28,400	624,800
Inter-Tel Inc	21,300	557,783
Intuit	30,000	1,417,500

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Iridex Corp	37,200	$ 558,000
Isolyser Company Inc	151,900	1,822,800
ITI Technologies Inc	35,900	1,184,700
Itron Inc	20,400	578,850
ITT Corp	266,000	17,622,500
ITT Hartford Group Inc	65,000	3,461,250
ITT Industries Inc	95,000	2,386,875
J & J Snack Foods Corp	67,000	770,500
James River Corp Va	407,000	10,734,625
Jan Bell Marketing Inc	165,000	433,125
JLG Industries Inc	32,000	2,376,000
Johnson & Johnson	523,600	25,918,200
Jones Apparel Group Inc	19,600	962,850
Jones Medical Industries Inc	59,250	1,970,062
Juno Lighting Inc	105,000	1,785,000
Just For Feet Inc	154,400	8,163,900
K & G Men's Center Inc	37,900	795,900
Kaufman & Broad Home Corp	88,300	1,280,350
Kaydon Corp	54,000	2,322,000
Keane Inc	55,400	2,042,875
Kemet Corp	255,600	5,112,000
K-III Communications Corp	78,000	975,000
Kimberly Clark Corp	198,700	15,349,575
Kinder Care Learning Centers Inc	27,900	428,962
KLA Instruments Corp	80,000	1,860,000
Klamath First Bancorp Inc	53,600	783,900
Knight Ridder Inc	30,000	2,175,000
Komag Inc	37,000	975,875
Kroger Co	398,400	15,736,800
Kurzweil Applied Intelligence Inc	102,543	307,629
La Quinta Inns Inc	89,300	2,991,550
Labor Ready Inc	15,400	431,200
Landry's Seafood Restaurants	75,000	1,856,250
La-Z-Boy Chair Co	27,100	816,387
LCI International Inc	137,800	4,323,475
Lear Corp	56,000	1,974,000
Legato Systems Inc	54,100	2,975,500
Life Technologies Inc	83,000	2,614,500
Lin Television Corp	31,500	1,134,000
Lincare Holdings Inc	170,000	6,672,500
Littelfuse Inc	72,500	2,718,750
Litton Industries Inc	85,000	3,697,500

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Living Centers of America Inc	117,000	$ 4,021,875
Lockheed Martin Corp	303,828	25,521,552
Loewen Group Inc	38,600	1,167,650
Loews Corp	63,000	4,969,125
Logan's Roadhouse Inc	43,650	818,437
Logic Works Inc	103,700	1,374,025
Lone Star Steakhouse & Saloon	51,800	1,955,450
Long Island Bancorp Inc	35,700	1,091,063
Long Island Lighting Co	50,000	843,750
Loral Space & Communications	100,000	1,375,000
Louisiana Pacific Corp	59,000	1,305,375
LTV Corp	307,000	3,492,125
Lucent Technologies Inc	296,600	11,233,725
Lumisys Inc	69,900	1,135,875
Lycos Inc	25,800	287,025
Lydall Inc	73,500	1,617,000
Lyondell Petrochemical Co	267,000	6,441,375
M A I D PLC ADR	30,000	476,250
Macromedia Inc	120,000	2,625,000
Magna Group Inc	71,600	1,718,400
Mallinckrodt Group Inc	125,000	4,859,375
Manor Care Inc	85,000	3,346,875
Manufactured Home Communities	140,000	2,695,000
Mapco Inc	147,200	8,298,400
Marine Drilling Companies Inc	39,500	399,937
Mariner Health Group Inc	58,300	1,071,262
Marisa Christina Inc	52,200	1,044,000
Marks Brothers Jewelers Inc	2,200	50,050
Marriott International Inc	263,500	14,163,125
Martek Biosciences Corp	36,900	1,079,325
Masco Corp	408,100	12,345,025
Mascotech Inc	70,200	1,035,450
Matlack Systems Inc	20,000	170,000
Matrix Pharmaceutical Inc	102,300	1,841,400
Mattel Inc	592,900	16,971,763
Maxim Integrated Products Inc	155,000	4,233,360
Maxis Inc	48,000	948,000
Maxxim Medical Inc	43,700	748,362
MBIA Inc	67,000	5,217,625
MBNA Corp	260,000	7,410,000
McAfee Associates Inc	45,000	2,205,000
McDermott J Ray S A	123,000	3,075,000

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
McDonald's Corp	335,000	$ 15,661,250
McDonnell Douglas Corp	132,600	6,464,250
MCI Communications Corp	140,000	3,587,500
McKesson Corp	34,000	1,619,250
McLeod Inc	66,700	1,600,800
MCN Corp	46,500	1,133,437
Meadowbrook Insurance Group Inc	5,100	156,825
Mechanical Dynamics Inc	22,100	334,262
Medallion Financial Corp	75,000	937,500
Medaphis Corp	104,500	4,153,875
Medcath Inc	38,000	456,000
Med-Design Corp	59,300	948,800
Medic Computer Systems Inc	56,200	4,559,225
Meditrust	31,000	1,034,625
MedPartners/Mullikin Inc	65,800	1,373,575
Medtronic Inc	50,000	2,800,000
Melville Corp	562,700	22,789,350
Memtec Ltd	47,200	1,734,600
Men's Wearhouse Inc	90,000	2,902,500
Mentor Corp Minn	80,000	2,040,000
Mentor Graphics Corp	161,594	2,625,902
Merck & Co Inc	231,100	14,934,838
Merrill Lynch & Co Inc	150,000	9,768,750
Mesa Airlines Inc	53,900	640,062
Meta Group Inc	41,100	1,006,950
Metatec Corp	30,500	312,625
MetaTools Inc	16,400	385,400
Metromail Corp	98,100	2,194,987
Meyer Fred Inc	24,900	731,437
MGIC Investment Corp	20,000	1,122,500
MGM Grand Inc	50,000	1,993,750
Michael's Stores Inc	100,000	1,700,000
Micro Warehouse Inc	51,500	1,030,000
Microage Inc	70,900	966,012
Micron Technology Inc	50,000	1,293,750
Microsoft Corp	183,724	22,069,846
Mid-American Apartment Communities Inc	11,200	284,200
Midwest Express Holdings Inc	10,800	346,950
Miller Industries Inc	51,600	1,477,050
Minerals Technologies Inc	55,000	1,883,750
Mirage Resorts Inc	121,000	6,473,500
MLF Bancorp Inc	24,400	591,700

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Mobil Corp	93,500	$ 10,507,063
Mobile Telecommunication Tech Corp	110,000	1,608,750
Modine Manufacturing Co	79,700	2,112,050
Mohawk Industries Inc	86,600	1,537,150
Mondavi Robert Corp Cl A	37,000	1,165,500
Monsanto Co	250,000	8,125,000
Montana Power Co	100,000	2,225,000
Morgan J P & Co Inc	74,000	6,262,250
Morningstar Group Inc	79,700	886,662
Morton International Inc	8,800	327,800
Mossimo Inc	116,700	4,653,412
Motorola Inc	256,400	16,089,100
MSC Industrial Direct Inc	94,200	3,037,950
Multicare Companies Inc	78,000	1,482,000
Mylan Laboratories Inc	70,000	1,216,250
NABI Inc	66,100	627,950
Nabisco Holdings Corp	70,000	2,476,250
NAC Re Corp	55,000	1,842,500
Nash Finch Co	36,500	584,000
National City Corp	84,400	2,964,550
National Data Corp	63,100	2,161,175
National Semiconductor Corp	152,000	2,356,000
National Techteam Inc	243,800	2,834,175
Nationwide Health	50,000	1,056,250
Natural Microsystems Corp	35,100	1,228,500
Nautica Enterprises Inc	118,600	3,409,750
NCS Healthcare Inc	28,100	850,025
Neiman-Marcus Group Inc	26,900	726,300
Nellcor Puritan Bennett Inc	48,000	2,328,000
Neoprobe Corp	137,100	2,416,387
Netstar Inc	42,000	829,500
Network Appliance Inc	2,400	71,400
Neurex Corp	37,000	809,375
Neurogen Corp	45,000	1,158,750
New York Times Co Cl A	80,000	2,610,000
Nextel Communications Inc	132,500	2,525,715
Nicor Inc	25,000	709,375
Nine West Group Inc	63,000	3,220,875
Noble Affiliates Inc	29,200	1,102,300
Noble Drilling Corp	24,000	333,000
Noel Group Inc	15,800	136,275
Nokia Corp	81,000	2,997,000

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Noram Energy Corp	392,000	$ 4,263,000
Norand Corp	67,600	1,352,000
Nordson Corp	32,000	1,808,000
Norrell Corp	18,200	894,075
North American Vaccine Inc	56,400	1,029,300
Northern Telecom Ltd	190,000	10,331,250
Northern Trust Corp	20,800	1,201,200
Norwalk Savings Society	5,500	119,625
Norwest Corp	155,300	5,416,087
Nova Corp	6,400	216,000
Nova Corp Alta	111,500	1,003,500
Novellus Systems Inc	60,000	2,160,000
Noven Pharmaceuticals Inc	157,700	2,523,200
Novoste Corp	10,700	105,662
NUCO2 Inc	25,300	777,975
Nucor Corp	99,800	5,052,375
Nu-Kote Holding Inc Cl A	100,000	1,662,500
Nynex Corp	85,000	4,037,500
Oakley Inc	38,600	1,746,650
Oakwood Homes Corp	84,000	1,732,500
Occidental Petroleum Corp	135,500	3,353,625
OccuSystems Inc	62,400	2,332,200
Oceaneering International Inc	23,900	361,487
Odwalla Inc	27,800	556,000
Office Depot Inc	154,000	3,118,500
Officemax Inc	55,000	1,313,125
Old Republic International Corp	75,450	1,622,175
Olsten Corp	45,000	1,321,875
Omnicare Inc	188,000	4,982,000
Open Text Corp	25,000	259,375
Openvision Technologies Inc	38,900	476,525
Oracle Corporation	290,500	11,456,449
Orcad Inc	66,700	933,800
Oregon Steel Mills Inc	42,800	577,800
Ornda Healthcorp	34,500	828,000
Ortel Corp	11,300	276,850
Orthodontic Centers of America	70,000	1,855,000
O'Sullivan Industries Holdings Inc	121,000	892,375
Outback Steakhouse Inc	33,600	1,158,662
Outboard Marine Corp	142,000	2,573,750
Outdoor Systems Inc	62,400	2,199,600
Overseas Shipholding Group Inc	335,000	6,071,875

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Owens Illinois Inc	116,300	$ 1,860,800
OzEmail Ltd	27,500	354,062
Paging Network Inc	40,000	960,000
Pairgain Technologies Inc	40,000	2,480,000
Pall Corp	40,000	965,000
PanEnergy Corp	138,900	4,566,338
Papa John's International Inc	117,450	5,725,687
Parametric Technology Corp	127,200	5,517,300
Parker Drilling Co	270,000	1,586,250
Parker & Parsley Petroleum Co	113,300	3,144,075
Pathogenesis Corp	78,900	1,222,950
Paxar Corp	20,000	350,000
Paxson Communications Corp	134,200	1,425,875
Paychex Inc	45,000	2,165,625
P-Com Inc	45,600	1,436,400
Peak Technologies Group Inc	40,000	935,000
Pediatrix Medical Group	81,700	3,962,450
Penney J C Inc	67,000	3,517,500
Penske Motorsports Inc	12,100	320,650
Pentair Inc	58,000	1,740,000
Pep Boys-Manny Moe & Jack	48,500	1,649,000
Pepsico Inc	724,500	25,719,750
Perclose Inc	63,300	1,424,250
Performance Food Group Co	45,000	1,170,000
Perkin-Elmer Corp	30,000	1,447,500
Petco Animal Supplies	52,000	1,495,000
Petsmart Inc	128,000	6,112,000
PFF Bancorp Inc	58,700	653,037
Pfizer Inc	317,300	22,647,288
Pharmaceutical Product Development Inc	40,300	1,350,050
Pharmacia & Upjohn Inc	365,000	16,196,875
Pharmacopeia Inc	40,100	822,050
Philip Morris Companies Inc	294,400	30,617,600
Philips Electronics N V	131,200	4,280,400
Phycor Inc	93,600	3,556,800
Phymatrix Corp	67,100	1,560,075
Physician Sales & Services Inc	68,100	1,651,425
Pier 1 Imports Inc	38,600	579,000
Pillowtex Corp	47,100	582,862
Pinnacle West Capital Corp	110,200	3,347,325
Pioneer Group Inc	31,800	850,650
Pittston Brink's Group	135,100	3,934,787

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Pittston Burlington Group	31,250	$ 675,781
Planning Sciences International	34,100	767,250
PLC Systems Inc	65,900	1,474,512
PNC Bank Corp	110,000	3,272,500
Polaroid Corp	99,000	4,516,875
Policy Management Systems Corp	50,200	2,510,000
Potash Corp of Saskatchewan	17,500	1,159,375
PPG Industries Inc	57,000	2,778,750
Praxair Inc	304,100	12,848,225
Precision Castparts Corp	23,800	999,600
Premark International Inc	89,300	1,652,050
Premdor Inc	66,500	482,125
Premiere Radio Networks Inc	24,750	321,750
Premiere Technologies Inc	50,700	1,597,050
Premisys Communications Inc	78,300	4,776,300
Price/Costco Inc	124,000	2,681,500
Procter & Gamble Co	284,200	25,755,625
Proffitt's Inc	25,000	887,500
Project Software & Development Inc	50,800	2,381,250
Promus Hotel Corp	120,000	3,555,000
Protein Design Labs Inc	55,300	1,244,250
Providence Journal Co	39,200	602,700
Proxima Corp	25,200	305,550
Public Service Co New Mexico	33,000	676,500
Quaker Chemical Corp	13,000	165,750
Quality Dining Inc	35,000	1,146,250
Quantum Corp	131,000	1,915,875
Quebecor Printing	70,000	1,102,500
Quick & Reilly Group Inc	40,000	1,300,000
Quickturn Design Systems Inc	56,500	819,250
Raptor Systems Inc	30,100	797,650
Rational Software Corp	52,800	2,838,000
Raychem Corp	45,000	3,234,375
Rayonier Inc	74,850	2,844,300
Raytheon Co	25,000	1,290,625
Reading & Bates Corp	90,000	1,991,250
Redwood Trust Inc	52,500	1,470,000
Regal Cinemas Inc	164,850	7,541,887
Registry Inc	23,300	681,525
Remedy Corp	45,000	3,285,000
Renal Treatment Centers Inc	46,600	1,339,750
Renters Choice Inc	21,200	540,600

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Repsol S A	78,000	$ 2,710,500
Republic N Y Corp	43,200	2,689,200
Research Medical Inc	49,600	1,097,400
Resmed Inc	50,000	775,000
Resource Bancshares Mtg Group Inc	43,000	521,375
Reuters Holdings PLC	208,000	15,080,000
Rexel Inc	50,000	706,250
Reynolds Metals Co	86,000	4,482,750
Reynolds & Reynolds Co	59,000	3,141,750
Rhone-Poulenc Rorer Inc	50,000	3,356,250
Rite Aid Corp	88,000	2,618,000
RJR Nabisco Holdings Corp	425,840	13,520,420
RMI Titanium Co	61,300	1,455,875
Robert Half International Inc	50,200	1,399,325
Rockwell International Corp	47,300	2,713,837
Romac International Inc	60,000	1,530,000
Roosevelt Financial Group Inc	75,000	1,443,750
Rotech Medical Corp	203,800	3,974,100
Rouse Co	220,000	5,692,500
Royal Dutch Petroleum Co	30,000	4,612,500
RTW Inc	37,500	1,181,250
Ruby Tuesday Inc	30,000	678,750
Russ Berrie & Co Inc	200,000	3,675,000
Rutherford-Moran Oil Corp	13,100	319,312
Ryan's Family Steak Houses Inc	125,000	1,156,250
Ryder System Inc	50,000	1,406,250
Safeco Corp	206,000	7,287,250
Safeskin Corp	84,500	3,506,750
Safeway Inc	282,000	9,306,000
Saks Holdings Inc	15,000	511,875
Salomon Inc	190,000	8,360,000
Sandoz Ltd	29,000	1,667,500
Santa Fe Energy Resources Inc	56,500	670,937
Sapient Corp	23,800	1,005,550
Sara Lee Corp	140,000	4,550,000
Saville Systems PLC	148,800	4,110,600
Sawtek Inc	49,100	1,693,950
Schein Henry Inc	48,400	1,851,300
Scherer R P Corp	75,000	3,403,125
Schering Plough Corp	325,800	20,443,950
Schlumberger Ltd	165,900	13,977,075
Schulman A Inc	100,000	2,450,000

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Schwab Charles Corp	210,150	$ 5,148,675
Sciclone Pharmaceuticals Inc	72,200	1,001,775
Scientific Atlanta Inc	151,400	2,346,700
Scientific Games Holdings Corp	60,000	1,740,000
Sea Containers Ltd Cl A	18,500	351,500
Seagate Technology	41,200	1,854,000
Sealed Air Corp	71,100	2,390,737
Sears Roebuck & Co	85,052	4,135,653
Security Dynamics Technologies Inc	139,100	11,440,975
Segue Software Inc	85,000	2,528,750
Selective Insurance Group Inc	20,000	650,000
Sequent Computer Systems Inc	65,700	886,950
Sequus Pharmaceuticals Inc	48,100	956,709
Service Corp International	263,700	15,162,750
Service Merchandise Inc	300,000	1,687,500
SFX Broadcasting Inc Cl A	31,800	1,240,200
Sheldahl Co	14,900	311,037
Shiva Corp	49,200	3,936,000
Shoney's Inc	50,000	543,750
Showbiz Pizza Time Inc	95,450	1,503,337
Shuffle Master Inc	47,900	718,500
Siebel Systems Inc	12,700	390,525
Signet Banking Corp	60,000	1,395,000
Silicon Graphics Inc	241,400	5,793,600
Silicon Valley Group Inc	94,000	1,762,500
Simpson Manufacturing Inc	60,200	1,204,000
Sitel Corp	105,900	4,381,612
Skywest Inc	65,000	1,210,625
SmithKline Beecham PLC	112,700	6,113,975
Sodak Gaming Inc	46,300	1,412,150
Sofamor Danek Group Inc	41,100	1,140,525
Softdesk Inc	63,100	599,450
Softkey International Inc	60,000	1,136,220
Sola International Inc	36,900	1,070,100
Sonat Inc	80,000	3,600,000
Sonat Offshore Drilling Inc	76,800	3,878,400
Southern New England Telecom	20,000	840,000
Southern Pacific Funding Corp	71,800	1,256,500
Spacelabs Medical Inc	31,000	720,750
Speedfam International Inc	11,400	185,250
Speedway Motorsports Inc	120,000	3,075,000
Sprint Corp	189,300	7,950,600

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
SS&C Technologies Inc	41,700	$ 635,925
St John Knits Inc	36,000	1,606,500
St Paul Companies Inc	50,000	2,675,000
Standard Federal Bancorp	61,700	2,375,450
Standard Financial Inc	15,100	249,150
Standard Products Co	31,400	730,050
Stanley Works	250,000	7,437,500
Starbucks Corp	71,100	2,008,575
Starter Corp	63,900	551,137
State Street Boston Corp	79,000	4,029,000
Stein Mart Inc	76,000	1,387,000
Sterile Concepts Holdings Inc	24,900	494,887
Steris Corp	119,400	3,820,800
Sterling Commerce Inc	7,900	293,287
Sterling House Corp	35,000	665,000
Sterling Software Inc	13,400	1,031,800
Stolt Comex Seaway S A	92,200	910,475
Stone Container Corp	203,700	2,851,800
Storage USA Inc	46,000	1,483,500
Stormedia Inc	47,550	517,106
Stratacom Inc	25,000	1,406,250
Strategic Distribution Inc	32,548	256,315
Strawbridge & Clothier	58,400	949,000
Suffolk Bancorp	3,800	119,700
Summit Medical Systems Inc	24,200	471,900
Summit Technology Inc	64,100	897,400
Sun Healthcare Group Inc	149,000	2,123,250
Sun Microsystems Inc	32,000	1,884,000
SunAmerica Inc	185,000	10,637,500
Sungard Data Systems Inc	70,000	2,808,750
Sunglass Hut International Inc	75,000	1,828,125
Sunrise Assisted Living Inc	40,100	962,400
Sunstrand Corp	192,000	7,032,000
Super Food Services Inc	39,700	377,150
Swift Energy Co	21,900	394,200
Sykes Enterprises Inc	6,100	300,425
Sylvan Learning Systems Inc	16,600	626,650
Symantec Corp	304,900	3,811,250
Symbol Technologies Inc	500	22,250
Synopsys Inc	96,400	3,831,900
Sysco Corp	122,300	4,188,775
Systems & Computer Technology Corp	229,900	3,333,550

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Systemsoft Corp	30,200	$ 1,419,400
Talbot's Inc	80,000	2,590,000
Tandem Computers Inc	105,000	1,299,375
Tandy Corp	34,626	1,640,407
Target Therapeutics Inc	31,500	1,291,500
TCSI Corp	64,150	1,547,619
Team Rental Group Inc	38,100	533,400
TeleCommunications/Liberty Media Group	220,000	5,830,000
TeleCommunications/TCI Group	645,000	11,690,625
Telefonos de Mexico S A	112,000	3,752,000
Telephone & Data Systems Inc	290,000	13,050,000
Tellabs Inc	157,000	10,499,375
Temple Inland Inc	46,600	2,178,550
Tenet Healthcare Corp	314,000	6,711,750
Tenneco Inc	40,000	2,045,000
Terra Nova Bermuda Holdings Ltd	52,800	844,800
Tetra Tech Inc	75,000	1,500,000
Texaco Inc	130,000	10,903,750
Texas Industries Inc	28,600	1,962,675
Texas Instruments Inc	130,000	6,483,750
Textron Inc	40,000	3,195,000
Theratx Inc	18,400	349,600
Thermedics Inc	80,000	2,000,000
Thermo Cardiosystems Inc	65,250	2,919,937
Thermo Electron Corp	24,600	1,023,975
Thermolase Corp	87,800	2,392,550
360 Communications Co	265,100	6,362,400
Tidewater Inc	87,396	3,834,499
Tiffany & Co	16,700	1,219,100
TIG Holdings Inc	60,000	1,740,000
Time Warner Inc	300,000	11,775,000
Timken Co	36,900	1,429,875
Titanium Metals Corp	70,900	1,834,537
Tommy Hilfiger Corp	64,200	3,442,725
Torchmark Corp	62,000	2,712,500
Tosco Corp	91,000	4,572,750
Total Petroleum N A Ltd	106,400	1,037,400
Total Renal Care Holdings Inc	47,200	1,994,200
Tower Automotive Inc	27,600	676,200
Toys "R" Us Inc	279,000	7,951,500
Tractor Supply Co	43,000	978,250
Transaction Systems Architects Inc	48,100	3,222,700

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
Transamerica Corp	36,600	$ 2,964,600
Transition Systems Inc	73,000	2,080,500
Transnational Re Corp	26,700	657,487
Travelers Inc	236,400	10,785,750
Trenwick Group Inc	8,300	415,000
Trescom International Inc	3,500	35,000
Trex Medical Corp	4,300	81,162
Tribune Inc	140,000	10,167,500
Trico Marine Services Inc	26,800	596,300
Trinity Industries Inc	37,700	1,281,800
Triquint Semiconductor Inc	2,600	53,950
Triton Energy Corp	67,000	3,257,875
True North Communications Inc	84,800	1,886,800
TRW Inc	14,000	1,258,250
Tuboscope Vetco International Corp	63,300	704,212
Tuesday Morning Corp	60,000	802,500
Tupperware Corp	100,300	4,237,675
Twentieth Century Industries	45,000	748,125
Tyco International Ltd	232,300	9,466,225
Tyson Foods Inc Cl A	101,000	2,764,875
U S Bancorp	90,400	3,265,700
U S Industries Inc	44,300	1,068,737
U S Office Products Co	51,900	2,179,800
U S Order Inc	62,500	953,125
U S Robotics Inc	105,000	8,977,500
U S Surgical Corp	180,000	5,580,000
UAL Corp	50,400	2,709,000
UCAR International Inc	60,000	2,497,500
UGI Corp	80,000	1,780,000
Ultramar Corp	112,000	3,248,000
Unicom Corp	112,800	3,144,300
Unilever N V	12,000	1,741,500
Union Acceptance Corp Cl A	71,000	1,100,500
Union Pacific Corp	200,200	13,988,975
Union Planters Corp	79,800	2,423,925
Union Texas Petroleum Hldgs Inc	335,000	6,532,500
Uniroyal Chemical Corp	97,400	1,448,825
United Companies Financial Corp	60,000	2,040,000
United Dominion Industries Ltd	27,000	621,000
United Healthcare Corp	88,100	4,449,050
United Meridian Corp	35,000	1,260,000
United Technologies Corp	104,000	11,960,000

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
United Transnet Inc	43,700	$ 1,076,112
Unocal Corp	145,000	4,875,625
UNR Industries Inc	97,900	942,287
Urban Outfitters Inc	33,400	843,350
Urocor Inc	5,200	63,700
USA Detergents Inc	35,900	1,431,512
USAir Group Inc	100,000	1,800,000
USCS International Inc	42,800	823,900
USFreightways Corp	106,000	2,067,000
USF&G Corp	460,400	7,481,500
USX-U S Steel Group Inc	130,000	3,688,750
Valassis Communications Inc	200,000	3,700,000
Valero Energy Corp	50,000	1,250,000
Varian Associates Inc	130,000	6,727,500
Varity Corp	50,600	2,435,125
Verifone Inc	60,500	2,556,125
Verilink Corp	10,800	275,400
Verity Inc	14,600	419,750
Veterinary Centers of America	171,700	3,820,325
Viacom Inc Cl B	95,445	3,710,424
Viasoft Inc	51,300	3,315,262
Videoserver Inc	32,600	1,271,400
Viking Office Products Inc	182,600	5,729,075
Vincam Group Inc	1,600	41,600
Visio Corp	39,600	1,425,600
Visioneer Inc	60,000	607,500
Vitesse Semiconductor Corp	17,800	427,200
Vivra Inc	50,000	1,643,750
Vivus Inc	27,000	884,250
VLSI Technology Inc	310,000	4,301,250
VMARK Software Inc	45,200	412,450
Vocaltec Ltd	12,200	106,750
Vons Companies Inc	57,000	2,130,375
VTEL Corp	44,800	431,200
Waban Inc	14,900	355,737
Wal Mart Stores Inc	581,000	14,742,875
Warnaco Group Inc	40,000	1,030,000
Warner Lambert Co	208,800	11,484,000
Washington Mutual Inc	75,000	2,240,625
Waters Corp	24,800	818,400
Wells Fargo & Co	38,400	9,182,400
Wendy's International Inc	75,000	1,396,875

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC COMMON STOCKS (Continued)

DESCRIPTION	SHARES	MARKET VALUE
West Marine Inc	16,500	$ 1,179,750
Westell Technologies Inc Cl A	21,400	839,950
Western National Corp	290,000	5,328,750
Westinghouse Electric Corp	492,900	9,303,487
Westpoint Stevens Inc	44,700	1,067,212
Westvaco Corp	31,500	941,063
Westwood One Inc	95,000	1,448,750
WFS Financial Inc	63,000	1,417,500
Wheelabrator Technologies Inc	335,000	5,108,750
Whitman Corp	56,000	1,351,000
Whittman-Hart Inc	23,300	838,800
WHX Corp	74,800	682,550
Williams Cos Inc	210,000	10,395,000
Wilmar Industries Inc	47,200	1,227,200
Wilmington Trust Corp	45,000	1,459,665
Winstar Communications Inc	35,400	882,770
Wisconsin Central Transport Corp	60,000	1,950,000
Witco Corp	67,000	2,303,125
WMX Technologies Inc	448,000	14,672,000
Wonderware Corp	14,000	264,250
Woolworth Corp	355,000	7,987,500
Workgroup Technology Corp	16,700	419,587
Worldcom Inc	30,000	1,661,250
Worldtex Inc	30,100	180,600
Wrigley Wm Jr Co	50,000	2,525,000
Wyman Gordon Co	122,000	2,165,500
Xeikon NV ADR	39,700	459,011
Xerox Corp	198,600	10,625,100
Young Broadcasting Inc	61,800	2,363,850
YPF S A	77,400	1,741,500
Zebra Technologies Corp	70,200	1,246,050
Zeigler Coal Holding Co	75,000	1,200,000
Zilog Inc	53,300	1,279,200
Zions Bancorporation	25,000	1,818,750
Zurn Industries Inc	8,600	178,450
TOTAL DOMESTIC COMMON STOCKS	107,816,141	$3,762,424,597

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL COMMON STOCKS

DESCRIPTION (BY CURRENCY)	SHARES	MARKET VALUE (USD)
AUSTRALIAN DOLLAR		
Australian Gas & Light	260,011	$ 1,082,559
Broken Hill Proprietary Co Ltd	99,910	1,381,608
Coca-Cola Amatil Ltd	770,453	8,568,256
Gold Mines Of Kalg	655,130	716,715
M. I. M. Holdings Ltd	32	41
Poseidon Gold	146,070	359,840
WMC Ltd	141	1,010
TOTAL AUSTRALIAN DOLLAR	1,931,747	12,110,029
AUSTRIAN SCHILLING		
AMS Austria Mikros	12,000	1,120,206
OMV AG	6,180	625,943
Voest-Alpine Eisenbahnsysteme Ag	15,000	1,414,260
TOTAL AUSTRIAN SCHILLING	33,180	3,160,409
BELGIAN FRANC		
BARCO NV	25,000	4,005,873
Ing Groep NV	1	15
TOTAL BELGIAN FRANC	25,001	4,005,888
BRITISH POUND		
Brit Biotech	4,937	30,915
Brit Biotechnology	39,500	1,505,532
British Airways PLC	143,170	1,232,416
British Petroleum Co PLC	139,000	1,218,118
British Telecom PLC	400,000	2,147,353
BTR PLC	413,577	1,625,820
Carlton Communications PLC	312,500	2,512,788
Courtaulds	235,000	1,551,859
De La Rue	707	6,536
Great University Stores	78,400	796,081
Guniness PLC	128,200	931,247
IMI	350,000	1,922,440
Imperial Chem Inds	78,750	964,211
Kingfisher	271,840	2,749,728
Lonrho	390,970	1,123,856
Mirror Group News PLC	658,000	2,095,922
MISYS	250,000	3,022,143
Powergen	279,200	2,043,298
Prudential Corp	243,000	1,532,949
Rentokil Group	500,000	3,177,523
Reuters Holdings PLC	268,300	3,245,449
RTZ Corp PLC	237,632	3,516,943
Serco Group	200,000	1,684,320
Siebe	252,976	3,590,735
Smithkline Beecham PLC	235,946	2,524,132

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL COMMON STOCKS (Continued)

DESCRIPTION (BY CURRENCY)	SHARES	MARKET VALUE (USD)
BRITISH POUND (Continued)		
South West Water PLC	140,000	$ 1,427,011
St James Place	247,200	464,761
T & N PLC	512,000	1,113,765
Thorn EMI PLC	6,208	173,049
Thorn EMI PLC	174,990	4,877,880
Zeneca Group PLC	123,400	2,728,447
TOTAL BRITISH POUND	7,315,403	57,537,227
CANADIAN DOLLAR		
Canadian Pacific	140,668	3,079,910
Teck Corp	29,000	594,602
TOTAL CANADIAN DOLLAR	169,668	3,674,512
FINNISH MARKKA		
Nokia (AB) Oy	55,000	2,024,366
Outokumpu Oy "A"	64,800	1,255
Outokumpu Oy	98,700	1,657,074
TOTAL FINNISH MARKKA	218,500	3,682,695
FRENCH FRANC		
Alcatel Alsthom (CGE)	12,640	1,102,421
Ass Gen De France	13,900	367,204
AXA	19,771	1,081,472
Banque Nationale De Paribas	41,977	1,473,410
Cap Gemini Sogeti	40,000	1,553,975
Carrefour Supermarche	14,410	8,072,595
Castorama Dubois Investisse	16,745	3,298,201
Christian Dior	24,210	3,150,820
Cie Fin Paribas	24,619	1,453,778
Cie Generale Des Eaux	11,090	1,238,664
Compagnie de Saint Gobain	9,400	1,258,059
CSF (Thomson)	70,255	1,974,694
Ecco, S.A.	10,000	2,515,497
Elf Aquitaine	21,000	1,544,379
LVMH (Moet-Hennessy Vui)	7,619	1,807,039
Michelin (CGDE)	43,000	2,101,518
Pinault-Pritemps Redoute	4,700	1,644,241
Schneider, S.A.	26,130	1,370,431
Sidel	10,000	2,542,691
Soc. Centrale Des Assur. Generales	42,530	1,151,628
Total	35,723	2,649,341
Valeo	19,980	1,069,230
TOTAL FRENCH FRANC	519,699	44,421,288

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL COMMON STOCKS (Continued)

DESCRIPTION (BY CURRENCY)	SHARES	MARKET VALUE (USD)
GERMAN DEUTSCHE MARK		
BASF Ag	4,190	$ 1,199,078
Bayer Ag	116,300	4,110,623
Daimler-Benz Ag	5,316	2,851,588
Degussa Ag	4,900	1,661,084
Hochtief Ag	2,420	1,077,930
Hoechst Ag	108,620	3,703,590
Hornblach Hldg Ag	9,850	847,722
Karstadt Ag	3,900	1,566,775
Lufthansa Ag	6,975	988,417
Man Ag	6,100	1,537,885
Mannesmann Ag	15,370	5,331,550
Merck Kgaa	34,000	1,273,208
RWE Ag	67,759	2,635,326
Schering Ag	25,000	1,818,986
SGL Carbon	46,100	5,390,966
Siemens Ag	32,620	1,748,290
Veba Ag	67,800	3,596,813
Sap Ag	35,729	5,307,220
TOTAL GERMAN DEUTSCHE MARK	592,949	46,647,051
HONG KONG DOLLAR		
Amoy Properties	1,017,500	1,229,070
Cheung Kong	400,000	2,880,948
Citic Pacific Ltd	404,000	1,633,640
First Pacific Co.	2,303,835	3,541,840
Giordano International	1,460,000	1,414,636
Guoco Group	500,000	2,383,565
Hong Kong & China Gas Co.	1,200,000	1,906,852
Hong Kong & China Gas Co. Wts.	100,000	26,484
HSBC Hldgs	134,521	2,033,324
Hutchison Whampoa	1,054,000	6,631,323
New World Infrastructure	746,640	1,591,570
Shangri-La Asia	852,000	1,194,263
Sun Hung Kai Properties	536,000	5,418,508
Swire Pacific Ltd	220,500	1,887,231
Television Broadcasts Ltd	285,000	1,069,600
Wing Hang Bank	267,000	1,058,962
TOTAL HONG KONG DOLLAR	11,480,996	35,901,816
INDONESIAN RUPIAH		
Pab K Tjiwi Kimia	143,500	146,433
Pt Hanjaya Mandala Sampoerna	116,500	1,346,488
Pt Indah Kiat Pulp & Paper	753,125	736,161
Pt Indah Kiat Pulp & Paper Wts.	90,375	45,626
Semen Gresik	750,000	2,183,207
TOTAL INDONESIAN RUPIAH	1,853,500	4,457,915

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL COMMON STOCKS (Continued)

DESCRIPTION (BY CURRENCY)	SHARES	MARKET VALUE (USD)
IRISH PUNT		
Bank of Ireland	556,033	$ 3,793,058
CRH PLC	467,756	4,618,159
Greencore Group	712,258	3,726,573
Independent Newspapers	840,926	3,795,223
TOTAL IRISH PUNT	2,576,973	15,933,013
ITALIAN LIRE		
Assic Generali	44,000	1,014,644
BCA POP DI Milano	270,000	1,338,595
Industria Macchine Automatiche	400,000	2,818,094
Instituto Mobiliare Italiano	157,500	1,315,111
La Fondiaria Assicurazioni Spa	222,000	1,068,762
Spatiale Italiana Post (SIP) Telecom It	300,000	644,835
Telcom Italia Mobile Spa	1,710,960	3,822,718
TOTAL ITALIAN LIRE	3,104,460	12,022,759
JAPANESE YEN		
Advantest Corp	45,500	1,804,543
Anritsu Corp	272,000	3,769,460
Aoyama Trading Co	106,000	2,773,668
Bank of Tokyo Mits	5,000	115,790
Bridgestone Corp	72,000	1,371,973
Bunkyodo Co	129,000	3,057,945
Canon Inc	392,000	8,148,686
Central Glass Co	453,000	1,759,440
Circle K Japan Co	44,000	2,278,598
Daido Steel Co	474,000	2,342,310
Daihatsu Motor Co	711,000	4,647,885
Dainippon Ink & Chem	629,000	3,222,950
DDI Corp	230	2,004,714
East Japan Railway	331	1,735,252
Fanuc	56,000	2,226,082
Fujitsu Ltd	635,000	5,789,491
Hitachi Ltd	285,000	2,650,402
Hitachi Metals Ltd	171,000	1,964,415
Iino Kaiun Kaisha	150,000	810,985
Ito-Yokado Co Ltd	33,000	1,988,759
Itochu Corp	751,000	5,244,878
Japan Associated Finance	42,000	4,901,465
Joshin Denki Co	173,000	2,492,125
Jusco Co	66,000	2,160,255
Kajima Corp	110,000	1,133,281
Kawasaki Steel	443,000	1,595,392
Keyence Corp	23,700	3,219,595
Komori Corp	41,000	1,046,667
Kyocera Corp	28,000	1,978,456

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL COMMON STOCKS (Continued)

DESCRIPTION (BY CURRENCY)	SHARES	MARKET VALUE (USD)
JAPANESE YEN (Continued)		
Mabuchi Motor Co	18,200	$ 1,158,226
Matsushita Electric Works	106,000	1,150,057
Matsushita Electric Ind Co	359,000	6,677,152
Mitsubishi Bank	950	22,000
Mitsubishi Estate	319,000	4,391,716
Mitsubishi Heavy Ind Ltd	793,000	6,890,215
Mitsui Fudosan	305,000	4,115,553
Mitsui Trust & Bkg	398,000	4,644,722
Navix Line	1,274,000	3,879,561
NEC Corp	476,000	5,164,408
NGK Spark Plug Co	83,000	923,219
Nice Nichiei Co Ltd	43,000	2,861,923
Nippon Elec Glass Co Ltd	28,000	477,382
Nippon Sheet Glass	296,000	1,449,214
Nippon Shokubai Co	96,000	927,777
Nippon Telegraph & Telephone Corp	789	5,841,168
Nissan Fire	151,000	1,093,111
Nissan Motor Co Ltd	642,000	5,695,273
Nisshin Steel Co Ltd	399,000	1,546,068
Nissho Iwai Corp	326,000	1,833,874
NKK Corp	1,472,000	4,455,665
Noritsu Koki Co Ltd	48,000	2,424,475
NSK Ltd	115,000	869,199
Onward Kashiyama	219,000	3,574,076
Ricoh Corp Ltd	144,000	1,522,955
Sakura Bank	206,000	2,291,362
Secom	29,000	1,914,270
Sekisui Chemical	131,000	1,600,452
Sharp Corp	67,000	1,172,851
Shinwa Kaiun	282,000	987,295
Shohkoh Fund & Co	20,600	4,319,781
SMC Corp	39,800	3,077,128
Sony Music Ent	20,500	953,215
Sumitomo Bank	104,000	2,010,184
Sumitomo Bank Int'l	37,000,000	365,171
Sumitomo Corp	215,000	1,909,256
Sumitomo Elec Inds	71,000	1,016,306
Sumitomo Metal Ind	2,649,000	8,114,988
Sumitomo Metal Mng	216,000	1,868,902
Sumitomo Trust & Bkg	355,000	4,854,967
THK Co	58,000	1,401,330
Tokio Marine & Fire Insurance	264,000	3,514,175
Victor Co of Japan	402,000	5,754,298
Yamato Kogyo Co	187,000	2,233,467
Yoshinoya D & C Co	69	931,060
TOTAL JAPANESE YEN	56,769,669	202,114,909

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL COMMON STOCKS (Continued)

DESCRIPTION (BY CURRENCY)	SHARES	MARKET VALUE (USD)
MALAYSIAN RINGGIT		
AMMB Holdings Bhd	57,000	$ 799,523
Arab Malaysian CP	109,000	428,096
DCB Holdings Bhd	400,000	1,370,611
Hong Leong Inds	300,000	1,454,772
Leader Univ Hldgs	700,000	1,977,768
Malayan Bank Bhd	292,000	2,808,551
Petronas Gas Bhd	300,000	1,286,451
Public Bk Bhd	1,000,000	2,765,268
Renong Bhd	444,000	167,263
Renong Bhd	2,220,000	3,540,986
Renong Bhd Wts.	277,500	125,669
Resorts World Bhd	151,000	865,369
Sungei Way Hldgs	1,022,500	4,794,434
Telekom Malaysia	300,000	2,669,085
United Engineers (Malaysia)	154,000	1,067,714
TOTAL MALAYSIAN RINGGIT	7,727,000	26,121,560
MEXICAN PESO		
Cifra S. A. de C. V.	1,500,000	2,133,319
Gruma, S. A.	617,800	2,860,887
Kimberly Clark Mexicana	156,200	2,854,148
TOTAL MEXICAN PESO	2,274,000	7,848,354
NETHERLANDS GUILDER		
Aegon N V	78,300	3,605,429
Akzo Nobel	7,070	847,004
Elsevier	99,890	1,515,634
Heineken Holding	5,250	1,060,472
Heineken N V	26,475	5,915,470
IHC Caland N V	80,000	3,936,786
ING Groep N V	80,742	2,407,631
Koninklijke Ahold N V	22,800	1,235,518
Philips Electronic	95,710	3,111,880
Randstad Hldgs	90,000	6,643,327
Royal Dutch Petroleum	8,540	1,318,791
Vendex International	39,200	1,366,393
Ver Ned Uitgevers	72,000	1,117,766
Wolters Kluwer	54,516	6,192,619
TOTAL NETHERLANDS GUILDER	760,493	40,274,720
NEW ZEALAND DOLLAR		
Telecom Corp of New Zealand	400,000	1,677,043
TOTAL NEW ZEALAND DOLLAR	400,000	1,677,043

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL COMMON STOCKS (Continued)

DESCRIPTION (BY CURRENCY)	SHARES	MARKET VALUE (USD)
NORWEGIAN KRONE		
Den Norske Bank	625,000	$ 1,895,300
Kvaerner AS	38,500	1,487,532
NOK 1	150,000	808,148
Saga Petroleum A	139,529	2,051,160
Schibsted A/S	175,000	2,262,815
TOTAL NORWEGIAN KRONE	1,128,029	8,504,955
PHILIPPINES PESO		
Aboitiz Equity Ventures Inc.	2,832,000	529,665
Ayala Corp	182,000	343,866
Ayala Land Inc	365,000	654,791
C & P Homes	987,000	857,059
Filinvest Development	574,000	301,250
Filinvest Land	3,105,000	1,274,038
Metro Bank & Trust Co	12,500	350,679
Philippines Comm Int'l Bk	25,000	312,510
Philippines Nat'l Bk	23,000	384,077
SM Prime Holdings	14,508,000	3,765,552
TOTAL PHILIPPINES PESO	22,613,500	8,773,487
SINGAPORE DOLLAR		
Cerebos Pacific	567,000	5,101,800
City Developments	150,000	1,169,016
DBS Land	800,000	2,743,292
Fraser & Neave Ltd	344,800	3,566,619
Overseas Union Bank	179,625	1,234,455
QAF	2,000,000	2,692,280
Sembawang Corp Ltd	830	4,116
Sembawang Maritime	600,000	1,623,870
Singapore Press Holdings	99,600	1,954,680
Singapore Technologies Industries	1,000,000	2,649,770
Straits Steamship	73,000	244,119
Straits Steamship Wts.	18,250	22,886
United Overseas Bank	87,600	837,866
TOTAL SINGAPORE DOLLAR	5,920,705	23,844,769
SOUTH AFRICAN RAND		
Anglo American Gold Investment Comp	4,826	419,037
Barlow Limited	200,000	2,089,900
TOTAL SOUTH AFRICAN RAND	204,826	2,508,937
SPANISH PESETA		
Acerinox, S. A.	10,000	1,041,253
Banco Santander, S. A.	35,000	1,632,466
Corp Mapfre	2,258	93,619

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL COMMON STOCKS (Continued)

DESCRIPTION (BY CURRENCY)	SHARES	MARKET VALUE (USD)
SPANISH PESETA (Continued)		
Corporacion Mapfre Cia Inter	80,000	$ 4,080,776
Dragados Y Constr	125,000	1,652,551
Repsol S. A.	131,400	4,565,813
Telefonica De Espana	100,000	1,840,717
Valleheermoso S. A.	56,710	1,119,065
TOTAL SPANISH PESETA	540,368	16,026,260
SWEDISH KRONA		
Astra AB	157,265	6,944,288
Atlas Copco AB	67,700	1,260,038
Autoliv AB	150,000	4,566,366
Ericsson LM	176,000	3,792,947
Hennes & Mauritz AB	27,100	2,511,727
Iro Sek 5	200,000	2,049,590
Nobelpharma AB	150,000	2,780,510
Skandia Forsakrings AB	60,900	1,610,729
SKF AB	110,400	2,620,461
Volvo (AB) SWKR5 B	100,000	2,275,648
TOTAL SWEDISH KRONA	1,199,365	30,412,304
SWISS FRANC		
ABB AG	2,960	3,660,858
BBC Brown Boveri	650	158,392
Ciba-Geigy AG	5,373	6,530,398
Edipresse, S. A.	3,000	719,056
Elektrowatt AG	4,496	1,663,135
Holderbk Fn Glaris B	1,600	1,278,322
Nestle S. A.	1,076	1,228,470
Roche Holding AG	350	2,669,096
Roche Holding AG Wts.	350	10,976
Sandoz AG	8,767	10,023,303
Schweizerische Bankvereins	6,410	1,264,955
SGS Holding	1,607	3,845,324
Zurich Versicherungens	6,105	1,663,260
TOTAL SWISS FRANC	42,744	34,715,545
THAILAND BAHT		
Bangkok Bank	66,400	899,303
Finance One	284,600	1,837,632
Krungthai Bank	708,000	3,317,110
Land & Houses	100,000	1,259,881
Phatra Thanakit Co	161,000	1,121,964
Siam Cement Co Ltd	38,800	1,903,397
Thai Farmers Bank	93,400	1,022,284
United Communications Industries	125,000	1,673,280
TOTAL THAILAND BAHT	1,577,200	13,034,851

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL COMMON STOCKS (Continued)

DESCRIPTION (BY CURRENCY)	SHARES	MARKET VALUE (USD)
U S DOLLAR		
Anglo American Gold Investment Co Ltd	4,800	$ 40,800
Asia Pulp & Paper Ltd Sponsored ADR	34,135	418,154
Banco Latinoamericano De Exporta ADR	22,368	1,258,200
Canadian Nat'l Ry Co 1st Installment	102,086	1,875,830
Casio Computer Co. Wts.	240	168,000
Eletrobras Cent Eletr Bras	68,714	999,170
Embotelladora Andina, S. A.	75,000	2,756,250
Endesa Chile Empresa Nacional De Elec, S. A.	53,000	1,139,500
Enersis, S. A.	19,000	589,000
Fila Hldg S P A Sponsored ADR	60,000	5,175,000
GDS-Repr 2 Ord Shs	150,000	2,821,500
Huaneng Power International Inc Sponsored ADR	77,400	1,383,525
Industrie Natuzzi S P A	75,000	3,843,750
Korea Elec Power Corp Sponsored ADR	100,000	2,425,000
Luxottica Group SPA Sponsored ADR	50,000	3,668,750
Mahindra & Mahindra Ltd Global	208,333	2,131,872
Quilmes Industrial ' L'	62,500	640,625
Quilmes Industrial, S. A.	125,000	1,281,250
Reuters Hldgs PLC	50,000	3,625,000
Royal Dutch Petroleum Co	15,000	2,306,250
Samsung Electronic	1,423	72,820
Samsung Electronic Co	47,482	1,169,682
SGS-Thomson Microelectronics	39,067	1,401,529
South African Breweries Ltd Sponsored ADR	73,538	2,156,722
Telecomunicacoes Brasileiras, S. A. Sponsored ADR	61,141	4,256,942
Usinas Sider. Minas Gerais	58,800	639,744
Usinas Siderurgicas de Minas Sponsored ADR	89,190	968,247
YPF Sociedad Anonima Sponsored ADR	63,000	1,417,500
TOTAL U S DOLLAR	1,786,217	50,630,612
TOTAL INTERNATIONAL COMMON STOCKS	132,766,192	$710,042,908

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC PREFERRED STOCKS

DESCRIPTION	SHARES	MARKET VALUE
American Express Co 6.25% Conv	90,000	$ 5,906,250
Cellular Communications Inc Conv	34,300	1,813,613
RJR Nabisco Holdings Corp 9.25% Conv	429,900	2,794,350
Teledyne Inc $1.20 Ser E	123	1,891
TOTAL DOMESTIC PREFERRED STOCKS	554,323	$10,516,104

INTERNATIONAL PREFERRED STOCKS

DESCRIPTION (BY CURRENCY)	SHARES	MARKET VALUE (USD)
AUSTRIAN SCHILLING		
Baumax AG	50,000	$1,591,626
TOTAL AUSTRIAN SCHILLING	50,000	1,591,626
ITALIAN LIRE		
Stet	180,000	472,618
TOTAL ITALIAN LIRE	180,000	472,618
U. S. DOLLAR		
Companhia Energetica De Minas Sponsored ADR	17,400	493,899
Companhia Energetica De Sao Paulo Sponsored ADR	35,500	390,500
Companhia Vale Do Rio Doce Sponsored ADR	47,400	948.900
Usinas Siderurgicas De Minas Gerias, S. A. Spon. ADR	84,200	914,075
TOTAL U. S. DOLLAR	184,500	2,747,374
TOTAL INTERNATIONAL PREFERRED STOCKS	414,500	$4,811,618

LIST OF INVESTMENTS
AT JUNE 30, 1996

DOMESTIC SHORT-TERM INVESTMENTS

DESCRIPTION	RATE	MATURITY DATE	PAR VALUE	MARKET VALUE
MONEY MARKET FUNDS				
Alliance World Income Trust			$ 19,595,542	$ 19,595,542
Dreyfus Cash Management Plus			94,595,000	94,595,000
Federated Prime Obligation			825,000	825,000
Fidelity Institutional Cash Portfolio			31,555,000	31,555,000
Glenmede Trust Co MMI			25,000,000	25,000,000
Goldman Sachs Financial Square MMP			40,835,000	40,835,000
Goldman Sachs Financial Square POP			535,000	535,000
Merrill Lynch Institutional Fund			4,620,000	4,620,000
TOTAL MONEY MARKET FUNDS			217,560,542	217,560,542
COMMERCIAL PAPER & TREASURY BILLS				
Bear Stearns Corp	5.36%	07/15/1996	10,000,000	9,961,289
Centric Funding Corp	5.32%	07/08/1996	10,000,000	9,948,278
Centric Funding Corp	5.40%	07/17/1996	10,000,000	9,965,500
CS First Boston Corp	5.30%	07/11/1996	5,000,000	4,969,083
CS First Boston Corp	5.32%	07/11/1996	5,000,000	4,971,922
CS First Boston Corp	5.35%	07/29/1996	5,000,000	4,966,563
CS First Boston Corp	5.36%	07/29/1996	6,000,000	5,957,120
General Motors Acceptance Corp	5.44%	07/16/1996	10,000,000	10,000,000
General Motors Acceptance Corp	5.45%	07/25/1996	10,000,000	10,000,000
Sears Acceptance Corp	5.38%	07/10/1996	7,000,000	7,000,000
Sears Acceptance Corp	5.39%	07/10/1996	10,000,000	10,000,000
Sears Acceptance Corp	5.44%	07/29/1996	10,000,000	10,000,000
U S Treasury Bills	4.95%	07/25/1996	5,650,000	5,594,842
U S Treasury Bills	4.96%	07/25/1996	30,500,000	30,256,242
U S Treasury Bills	5.00%	08/15/1996	29,900,000	29,638,375
U S Treasury Bills	5.02%	09/19/1996	49,950,000	49,079,344
U S Treasury Bills	5.04%	09/19/1996	5,600,000	5,512,192
U S Treasury Bills	5.11%	09/19/1996	1,700,000	1,679,730
TOTAL COMMERCIAL PAPER & TREASURY BILLS			221,300,000	219,500,480
TOTAL DOMESTIC SHORT-TERM INVESTMENTS			$438,860,542	$437,061,022

LIST OF INVESTMENTS
AT JUNE 30, 1996

INTERNATIONAL SHORT-TERM INVESTMENTS

DESCRIPTION (BY CURRENCY)	RATE	MATURITY DATE	PAR VALUE	MARKET VALUE
GERMAN DEUTSCHE MARK				
Deutsche Bank Cap Corp T. D.	3.220%	09/16/96	$27,027,518	$17,756,274
TOTAL GERMAN DEUTSCHE MARK			27,027,518	17,756,274
U S DOLLAR				
Chase Manhattan Bank U S Government STIF			1,844,529	1,844,529
Chase Manhattan Bank Domestic Liquidity Fund			36,050,854	36,050,954
Time Deposit (TD99WJ2)	5.062%	07/01/96	3,028,942	3,028,942
TOTAL U S DOLLAR			40,924,325	40,924,425
TOTAL INTERNATIONAL SHORT-TERM INVESTMENTS			$67,951,843	$58,680,699

LIST OF INVESTMENTS
AT JUNE 30, 1996

PRIVATE EQUITY INVESTMENTS

DESCRIPTION	MARKET VALUE
Apollo Investment Fund III, L. P.	$15,891,483

REAL ESTATE INVESTMENT TRUST

DESCRIPTION	MARKET VALUE
Zell/Merrill Lynch Real Estate Opportunity Partners III Trust	$44,406,000

NET EARNINGS ON INVESTMENTS
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	1996		1995	
Earnings on investments:				
Net appreciation (depreciation) in domestic investments:				
Bonds	$ (57,477,438)		$131,082,631	
Common and preferred stocks	226,478,210	$ 169,000,772	388,732,418	$ 519,815,049
Net appreciation (depreciation) in international investments:				
Bonds	(47,528,433)		66,521,356	
Common and preferred stocks	78,874,039		(4,103,616)	
Short-term investments	112,533		32,345	
Futures and options	1,901,539	33,359,678	(2,290,173)	60,159,912
Domestic interest income:				
Bonds	123,272,941		125,570,454	
Certificates of deposit	26,389		23,584	
Short-term investments	20,444,265	143,743,595	21,381,273	146,975,311
International interest income:				
Bonds	72,116,812		59,303,522	
Short-term investments	4,561,451	76,678,263	7,245,430	66,548,952
Domestic common and preferred dividends		49,126,524		48,037,158
International common and preferred dividends		12,265,397		9,213,141
Securities lending income:				
Fixed	44,060,359		48,775,879	
Equity	1,733,886		1,027,409	
International	12,120,974	57,915,219	301,276	50,104,564
Gain on sale of domestic securities:				
Bonds	41,821,826		34,378,507	
Common and preferred stocks	605,965,201	647,787,027	277,152,297	311,530,804
Gain on sale of international securities:				
Bonds	49,102,869		18,560,009	
Futures & options	8,160,494		5,415,872	
Common and preferred stocks	20,736,147	77,999,510	10,474,760	34,450,641
Gain on international exchange transactions		72,637,373		181,086,178
Gain on sale of Intracoastal Land, Inc. & Co.		363,178		0
Real estate income		366,757		388,406
Commission rebate income		1,119,316		1,192,145
Gross earnings		1,342,362,609		1,429,502,261
Charges against earnings:				
Accrued domestic interest purchased		19,654,388		20,164,203
Securities lending expenses:				
Fixed	42,670,233		47,402,398	
Equity	337,663		261,090	
International	10,850,564	53,858,460	0	47,663,488
Loss on sale of domestic securities:				
Bonds	13,739,421		62,458,800	
Common and preferred stocks	141,600,224	155,339,645	158,379,851	220,838,651
Loss on sale of international securities:				
Bonds	2,619,301		51,967,175	
Common stocks	4,692,042		84,002,541	
Futures & options	14,226,567	21,537,910	3,852,952	139,822,668
Loss on international currency exchange		102,547,263		70,409,356
Domestic investment expense		225		70,423
International investment expenses:				
International tax expense		1,285,168		988,757
Commission rebate expense		81,575		75,000
Private equity expense		1,971,776		0
Custodian fees		1,759,857		1,059,174
Advisors fees		13,691,874		10,060,891
Total charges		371,728,141		511,152,611
Net income on investments		$ 970,634,468		$ 918,349,650

INVESTMENT PERFORMANCE MEASUREMENTS

	Rate of Return	Rank
Comparative Rates of Return on Total Fund - Year Ended June 30, 1996		
Teachers' Retirement System of Louisiana	14.9%	55
Comparison indices:		
Median Public Fund Return	15.2%	50
Comparative Rates of Return on Equities - Year Ended June 30, 1996		
Teachers' Retirement System of Louisiana	25.3%	52
Comparison indices:		
Median Equity Only Public Fund Return	25.6%	50
Standard and Poor's 500 Index	26.0%	46
Comparative Rates of Return on Fixed Income Securities - Year Ended June 30, 1996		
Teachers' Retirement System of Louisiana	4.7%	56
Comparison indices:		
Median Bond Only Public Fund Return	4.9%	50
Lehman Brothers Aggregate Bond Index	5.0%	43

The performance for the past five years as compared to other public plans in the universe of plans maintained by Holbein Associates, the System's investment performance consultant, is as follows:

Two-year period ending June 30, 1996	15.6%	61
Three-year period ending June 30, 1996	10.6%	55
Four-year period ending June 30, 1996	11.5%	51
Five-year period ending June 30, 1996	12.1%	37

AVERAGE YIELD ON BONDS PURCHASED

Fiscal Year	Rate of Return
1986-1987	8.528%
1987-1988	8.526%
1988-1989	8.761%
1989-1990	8.536%
1990-1991	8.482%
1991-1992	8.188%
1992-1993	6.924%
1993-1994	6.266%
1994-1995	6.907%
1995-1996	6.918%

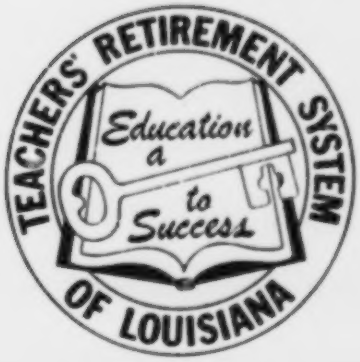
ANNUAL RATES OF RETURN

	ANNUALIZED YEARS ENDED JUNE 30					ANNUALIZED	
	1992	1993	1994	1995	1996	3 YRS.	5 YRS.
TOTAL FUND							
Teachers' Retirement System of Louisiana	14.5%	14.1%	1.2%	16.3%	14.9%	10.6%	12.1%
Median Public Fund Return	13.3%	13.4%	0.6%	16.4%	15.2%	10.7%	11.7%
Inflation (CPI)	3.1%	3.0%	2.5%	3.0%	2.7%	2.7%	2.8%
DOMESTIC EQUITIES							
Teachers' Retirement System of Louisiana	13.7%	14.0%	0.2%	23.3%	25.3%	15.7%	14.9%
Median Equity Only Public Fund Return	13.4%	15.8%	1.6%	23.9%	25.6%	17.0%	17.0%
Standard & Poor's 500 Index	13.5%	13.6%	1.4%	26.1%	26.0%	17.2%	15.7%
DOMESTIC BONDS							
Teachers' Retirement System of Louisiana	16.5%	15.0%	(1.8%)	13.7%	4.7%	5.4%	9.4%
Median Bond Only Public Fund Return	15.1%	13.2%	(1.4%)	12.6%	5.0%	5.2%	8.9%
Lehman Brothers Aggregate Bond Index	14.0%	11.8%	(1.3%)	12.5%	4.9%	5.3%	8.3%
INTERNATIONAL EQUITIES							
Teachers' Retirement System of Louisiana	12.1%	7.8%	20.7%	(0.1%)	20.6%	13.3%	
Median International Equity Only Return	9.3%	8.3%	22.3%	4.2%	17.9%	14.9%	
E.A.F.E. Index (after tax)	(0.6%)	20.3%	17.0%	1.7%	13.3%	10.5%	
INTERNATIONAL BONDS							
Teachers' Retirement System of Louisiana		21.5%	2.6%	15.4%	2.1%	6.6%	
Median International Bond Only Return		12.0%	2.5%	12.6%	4.7%	7.7%	
Salomon Brothers Non U.S. Government Bond Index		9.7%	9.5%	22.7%	(1.7%)	9.7%	

SUMMARY SCHEDULE OF COMMISSIONS PAID TO BROKERS
FOR THE YEAR ENDED JUNE 30, 1996

Institutional brokers	$ 2,998,826
Bear Stearns	
J. C. Bradford	
A. G. Edwards & Sons	
Goldman Sachs	
Interstate/Johnson Lane	
Merrill Lynch	
Paine Webber, Inc.	
Smith Barney	
Morgan Keegan	
Small/medium Louisiana brokers	902,200
Dean Witter	
A. G. Edwards & Sons	
J. C. Bradford	
Legg Mason	
Dorsey	
Prudential Securities	
Charles Sisk & Associates	
Medium out-of-state brokers	503,686
Makefield Securities	
First Southwest	
Rauscher Pierce	
First Honolula	
Advest	
Specialty brokers	728,063
Cantor Fitzgerald	
Donaldson Lufkin	
First Boston	
Herzog	
Jefferies & Company	
Lehman	
Recapture brokers	1,844,563
CIS	
Donaldson	
FC Financial	
Lynch, Jones & Ryan	
Moran	
Trade Plus	
Wilshire	
Minority brokers	287,729
Gardner Rich & Co. (also Recapture)	
GRW	
Magna	
Sisung	
Yaeger	
Other - advisors contacts	2,849,244
Subtotal commissions	10,114,311
Rebate to Teachers' Retirement System of Louisiana	(1,119,316)
Total commissions	$ 8,994,995

ACTUARIAL SECTION


TEACHERS' RETIREMENT SYSTEM
Education a to Success
OF LOUISIANA

HALL ACTUARIAL ASSOCIATES

Charles G. Hall
F.C.A., M.A.A.A., A.S.A.
Enrolled Actuary

1433 Hideaway Court
Baton Rouge, LA. 70806
(504) 924-6209

October 1, 1996

Board of Directors
TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123

Ladies and Gentlemen:

Pursuant to your request, we have completed our tenth annual valuation of the Teachers' Retirement System of Louisiana as of June 30, 1996. The valuation was prepared on the basis of the data submitted by the Retirement System office and the actuarial assumptions adopted by the Board of Trustees, and reflects the benefits in effect on the valuation date.

During the 1996 Legislative Session no Bills were passed which affect funding. Note the changes to benefits and funding which have occurred during recent prior legislative sessions include Act 572 which changed the disability benefits formula, and Act 577 established limitation caps for increase in final average compensation. Act 1031 of 1992 established the Experience Account which provides for the pre-funding of retiree COLA's by accumulating excess investment income until the account is sufficient to cover the liability of increased benefits. Act 257 of 1992 re-established amortization schedules such that the current outstanding balance will be reamortized for a period which is the later of the year 2029 or the period established by Act 81 of 1988 with all payments increasing at a rate of 4.5% per year. The Texaco Settlement Fund was established July 1, 1995 to dedicate allocated assets to reduce the initial unfunded actuarial liability established by Act 81.

The funding objective of the Retirement System was established by Constitutional Amendment Number 3 during the 1987 Legislative Session and requires the following:

a) fully fund all current normal costs determined in accordance with the prescribed statutory funding method; and

b) liquidate the unfunded liability as of June 30, 1988 over a forty year period with subsequent changes in unfunded liabilities amortized over period(s) specified by statute.

On the basis of the current valuation, the total contribution rate payable by the employers for the year commencing July 1, 1996 should be set equal to 16.4% of payroll, plus a required legislative appropriation of $4,248,834.

When compared to the prior year's employer's rate of 16.3%, the current employer's rate of 16.4% reflects a continued stabilization of the employer's rate from the prior year, with a slight increase resulting from unfavorable aggregate salary growth experience.

The contribution rate of 16.4% of payroll, plus the required legislative appropriation of $4,248,834 when taken together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

Board of Trustees
TEACHERS' RETIREMENT SYSTEM
October 1, 1996
Page Two

The actuarial value of assets were valued by the same method utilized in the preceding valuation as approved by the Board of Trustees. Fixed income securities were valued at book value. Equities were valued on a basis which reflects a four-year moving weighted average of the relationship between market value and book value. The objective of this asset valuation method is to smooth the volatility which might otherwise occur due to market conditions on the measurement date. The actuarial value of assets for the fiscal year ending on June 30, 1996 were in the amount of $7,302,368,767. The Actuarial Value of Assets, when adjusted for the Experience Account Fund in the amount of $247,577,844, the side-fund assets for the Louisiana State University Agriculture and Extension Service Supplement of $181,962, and the side-fund assets from the Texaco Settlement Fund of $157,981,452 yields assets for funding purposes of $6,898,627,509.

In performing the June 30, 1996 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Teachers' Retirement System of Louisiana. Regarding participant data, each record was edited for reasonableness and consistency, although the validity of the information was not compared to source documents or compared with data for the same participant utilized in prior valuations. Regarding plan assets, a general review for consistency and balance testing with information furnished for the prior year's valuation was performed.

The present values shown in the June 30, 1996 actuarial valuation and supporting schedules of this certification have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title II Section 22(13) and assumptions which are appropriate for the purposes of this valuation. The funding method prescribed is the Projected Unit Credit Cost Method. The actuarial assumptions and methods used for funding purposes comply and are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 25. The same actuarial assumptions and methods were employed in the development of the Trend Data Schedule, the Schedule of Funding Progress and the Schedule of Employer Contributions which were prepared for the Financial Section of this report. Furthermore, we certify to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principals and practices set forth by the American Academy of Actuaries, are reasonable in the aggregate and when applied in combination represents my best estimate of the funding requirement to achieve the Retirement System's Funding Objective.

Respectfully submitted,

Charles G. Hall, FCA, MAAA, ASA
Consulting Actuary

CGH/tt

SUMMARY OF ASSUMPTIONS

The following assumptions were adopted by the Board of Trustees of the Teachers' Retirement System of Louisiana (TRSL) based on the 1981-1986 actuarial experience study with supplemental revision in 1990 and other Board action.

I. General Actuarial Method

Actuarial Funding Method (Projected Unit Credit): The unfunded accrued liability on June 30, 1988 is amortized over a forty-year period commencing in 1989. The amortization payment reflects a 4 percent increase for the first five years, reducing by .5 percent at the end of each quinquennial period. Changes in unfunded accrued liabilities occurring after June 30, 1988 are amortized as a level dollar amount as follows:

	ACT 81 Effective 6/30/88	AS AMENDED ACT 257 Effective 6/30/92
Experience Gains/(Losses)	15 years	Later of 2029 or 15 years
Actuarial Assumptions	30 years	Later of 2029 or 30 years
Actuarial Methods	30 years	Later of 2029 or 30 years
Benefit Changes	determined by enabling statute	

Employer contribution requirements for normal costs and amortization of the unfunded accrued liabilities are determined as a percentage of payroll. Discrepancy between dollars generated by percentage of payroll versus the required dollar amount are treated as a short-fall credit/(debit) and applied to the following year's contribution requirement.

Asset Valuation Method: Equities are valued on a basis which reflects a four-year moving weighted average value between market value and book value. Fixed income securities are valued at book value.

Valuation Data: The administrative staff of TRSL furnishes the actuary with demographic data relating to the active life membership and retired life members. Retired life members included inactive members who are entitled to a deferred reciprocal or vested benefit. The book value and market value of System assets are provided by the administrative staff of TRSL. All data is reviewed for reasonableness and consistency from year to year, but is not audited by the actuary.

II. Economic Assumptions

Investment Return: 8.25 percent per annum, compounded annually.

Employee Salary Increases: Incorporated in the following salary scales is an explicit 4.5 percent portion attributable to the effects on salaries, based upon years of service:

Regular Teachers - range	5.75% - 8.95%
School Lunch - range	4.75% - 9.35%

	Teachers	School Lunch A	School Lunch B
Duration 1 yr.	8.95%	9.35%	9.35%
5 yr.	7.35%	6.45%	7.25%
10 yr.	7.25%	6.25%	6.25%
15 yr.	5.75%	7.75%	6.75%
20 yr.	5.75%	6.25%	6.25%
25 yr.	5.75%	7.25%	5.75%
30 yr.	6.25%	4.75%	5.75%

The active member population is assumed to remain constant.

SUMMARY OF ASSUMPTIONS (Continued)

III. Decrement Assumptions

Mortality Assumption: Pre-retirement deaths and post-retirement life expectancies are projected in accordance with the experience of the 1983 Sex Distinct Graduated Group Annuity Mortality Table, with female ages set at attained age plus one.

Disability Assumption: Rates of total and permanent disability were projected by age in accordance with the 1981-1986 disability experience of the Retirement System. Rates were projected separately for School Lunch Employees. Mortality after disability rates are based on the Eleventh Actuarial Valuation of the Railroad Retirement System for permanent disabilities.

	Teachers	School Lunch A	School Lunch B
Age 25	.00%	.02%	.20%
30	.03%	.02%	.20%
35	.10%	.39%	.20%
40	.19%	.64%	.20%
45	.25%	1.34%	.20%
50	.42%	3.02%	1.10%
55	.46%	2.20%	.72%

Termination Assumptions: Voluntary withdrawal rates are derived from the 1981-1986 termination experience study.

	Teachers	School Lunch A	School Lunch B
Duration 1 yr.	9.9%	7.1%	5.7%
5 yr.	7.6%	6.4%	6.7%
10 yr.	3.0%	3.5%	1.8%
15 yr.	1.3%	2.6%	4.0%
20 yr.	0.5%	3.8%	1.8%
25 yr.	0.5%	5.1%	2.9%

Furthermore, for members terminating with ten (10) or more years of service, it is assumed that 80 percent will not withdraw their accumulated employee contributions.

Retirement Assumptions: Retirement rates were projected based upon the 1981-1986 experience study.

	Teachers	School Lunch A	School Lunch B
Age 50	5%	36%	0%
51	8%	17%	0%
52	9%	44%	0%
53	9%	10%	0%
54	17%	20%	0%
55	15%	38%	34%
56	14%	23%	20%
57	16%	27%	24%
58	15%	30%	15%
59	20%	44%	39%
60	14%	36%	21%
61	17%	25%	23%
62	18%	34%	29%
63	20%	21%	25%
64	32%	30%	25%
65	23%	42%	44%
66	23%	27%	33%
67	26%	23%	34%
68	29%	29%	31%
69	52%	50%	56%
70	99%	54%	66%

ACTUARIAL VALUATION BALANCE SHEET
AS OF JUNE 30, 1996 AND 1995

ASSETS

	1996	1995
PRESENT ASSETS CREDITABLE TO:		
Members' Savings Account	$ 1,495,383,230	$ 1,489,495,885
Annuity Reserve Account	5,561,225,731	4,785,839,201
TOTAL PRESENT ASSETS	7,056,608,961	6,275,335,086
PRESENT VALUE OF PROSPECTIVE CONTRIBUTIONS PAYABLE TO:		
Members' Savings Account	1,815,202,377	1,777,661,782
Annuity Reserve Account		
Normal	1,603,390,807	1,551,594,223
Accrued Liability	4,426,369,149	4,439,133,641
TOTAL PROSPECTIVE CONTRIBUTIONS	7,844,962,333	7,768,389,646
TOTAL ASSETS	$14,901,571,294	$14,043,724,732

LIABILITIES

	1996	1995
PRESENT VALUE OF PROSPECTIVE BENEFITS PAYABLE ON ACCOUNT OF:		
Current Retiree Members	$ 5,872,600,796	$ 5,070,223,200
Current Active Members	8,984,406,591	8,923,941,598
Deferred Vested & Reciprocal Members	44,563,907	49,559,934
TOTAL LIABILITIES	$14,901,571,294	$14,043,724,732

SUMMARY OF UNFUNDED ACTUARIAL LIABILITIES/SALARY TEST
(in millions of dollars)

VALUATION DATE	(1) ACTIVE MEMBER CONTRIBUTION	(2) RETIREES TERM. VESTED INACTIVE	(3) ACTIVE MEMBERS EMPLOYER FIN. PORTION	ACTUARIAL VALUATION ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY ASSETS		
					(1)	(2)	(3)
1987	$ 943.3	$2,717.6	$2,484.3	$2,877.8	100%	71%	0%
1988	1,019.2	2,873.5	3,192.6	2,979.0	100%	68%	0%
1989	1,079.9	3,174.7	3,296.0	3,208.9	100%	67%	0%
1990	1,178.4	3,194.2	3,435.2	3,657.1	100%	78%	0%
1991	1,265.2	3,371.5	3,818.9	4,079.7	100%	83%	0%
1992	1,363.3	3,716.2	3,966.4	4,576.5	100%	95%	0%
1993	1,424.0	4,158.5	3,484.4	5,129.5	100%	89%	0%
1994	1,481.7	4,552.1	3,428.6	5,699.6	100%	93%	0%
1995	1,489.5	5,119.8	3,496.0	6,275.3	100%	93%	0%
1996	1,495.4	5,917.2	3,820.2	7,056.6	100%	94%	0%

SUMMARY OF ACTUARIAL AND UNFUNDED ACTUARIAL LIABILITIES
(in millions of dollars)

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES	ACTUARIAL VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED AAL	ACTIVE MEMBER PAYROLL	UNFUNDED AAL AS A % OF ACTIVE PAYROLL
1987	$ 6,147.3	$2,877.8	46.8	$3,269.5	$1,773.6	184.3%
1988	7,085.4	2,979.0	42.0	4,106.4	1,778.3	230.9%
1989	7,550.6	3,208.9	42.5	4,341.6	1,896.2	229.0%
1990	7,808.0	3,657.1	46.8	4,150.9	2,041.1	203.4%
1991	8,455.6	4,079.7	48.2	4,375.9	2,133.1	205.1%
1992	9,046.0	4,576.6	50.6	4,469.4	2,181.7	204.9%
1993	9,522.4	5,129.5	53.9	4,392.9	2,176.4	201.8%
1994	9,928.5	5,699.6	57.4	4,228.8	2,198.3	192.4%
1995	10,570.3	6,275.3	59.4	4,294.9	2,199.1	195.3%
1996	11,232.8	7,056.6	62.8	4,176.1	2,254.3	185.3%

RECONCILIATION OF UNFUNDED ACTUARIAL LIABILITIES
(Dollar Amounts in Thousands)

	FISCAL YEAR ENDING			
	1996	1995	1994	1993
Unfunded Actuarial Liability at beginning of Fiscal Year (7/1)	$4,405,746	$4,228,829	$4,392,905	$4,469,446
Interest on Unfunded Liability	363,474	348,878	362,414	368,729
Investment Experience (gains) decreases UAL	(543,729)	146,881	(49,096)	(195,235)
Plan Experience (gains) decreases UAL	83,631	(82,471)	(212,137)	(120,431)
Employer Amortization Payments (payments) decreases UAL	(253,654)	(243,204)	(226,737)	(234,422)
Employer Contribution Variance (excess contributions) decreases UAL	6,802	(3,280)	14,117	6,271
Experience Account Allocation (allocations) decreases UAL	271,864	(73,440)	24,548	97,618
OTHER - miscellaneous gains and losses from inter system transfers valuation methods	0	83,553	(77,185)	929
Unfunded Actuarial Liability at end of Fiscal Year (6/30)	$4,334,134	$4,405,746	$4,228,829	$4,392,905

AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
JUNE 30, 1996

	DATE 6/30	DESCRIPTION	AMORTIZATION METHOD	AMORTIZATION PERIOD	INITIAL LIABILITY	YEARS REMAIN	REMAINING BALANCE	MID-YEAR PAYMENT
1)	1988	Initial Liability	I	40	$4,169,250,465	33	$5,372,444,181	$277,366,272 *
2)	1989	Change in Liability	I	37	(456,646,374)	33	(489,559,547)	(25,661,944)
3)	1990	Change in Liability	I	37	62,975,376	33	65,534,127	3,435,196
4)	1991	Change in Liability	I	37	74,681,138	33	81,972,837	4,296,887
5)	1992	Legislative COLA	L	11	95,039,000	7	69,558,037	12,950,984
6)	1992	Change in Liability	I	37	(106,184,106)	33	(119,485,941)	(6,263,266)
7)	1993	Change in Liability	I	36	(210,900,586)	33	(230,176,287)	(12,065,481)
8)	1994	Change in Liability	I	35	(299,279,395)	33	(235,255,306)	(12,331,715)
9)	1995	Change in Liability	I	34	(9,030,124)	33	(9,290,257)	(486,981)
10)	1996	Change in Liability	I	33	(190,004,697)	33	(190,004,697)	(9,959,748)
		TOTAL OUTSTANDING BALANCE					4,315,737,147	$231,280,204
		EMPLOYER'S CREDIT BALANCE						
	1992	Contribution Variance	L	5	10,210,353	1	2,377,941	$ 2,474,087
	1993	Contribution Variance	L	5	6,270,964	2	2,809,647	1,519,528
	1994	Contribution Variance	L	5	14,117,405	3	9,130,988	3,420,811
	1995	Contribution Variance	L	5	(3,279,842)	4	(2,723,552)	(794,744)
	1996	Contribution Variance	L	5	6,802,212	5	6,802,212	1,648,255
		TOTAL EMPLOYER'S CREDIT BALANCE					18,397,236	$ 8,267,937
		TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY					$4,334,134,383	

*NOTE: LSU appropriation equals 1.508738 percent of the Initial Liability mid-year payment.
Effective July 1, 1992, Amortization Periods changed in accordance with Act 257.

MEMBERSHIP DATA

Data regarding the membership of TRSL for valuation were furnished by TRSL.

Active Members	1996 Census	1996 Average Salaries	1995 Census	1995 Average Salaries
Regular Teachers	74,677	$25,262	74,081	$24,921
University Members	5,823	43,858	5,967	43,325
School Lunch A	2,044	13,368	2,298	12,897
School Lunch B	2,305	11,427	2,325	11,189
Post DROP	674	25,875	441	40,874
TOTAL	85,523	$25,875	85,112	$25,795
Males (%)		18.5%		19.0%
Females (%)		81.5%		81.0%

Valuations' salaries were $2,254,304,207 for 1996 and $2,199,137,031 for 1995.

Inactive Members	1996 Census	1995 Census
Due Refunds	5,978	7,949
Vested & Reciprocals	469	460

Annuitants and Survivors	1996 Census	1996 Average Annual Annuities	1995 Census	1995 Average Annual Annuities
Retirees	33,077	$15,016	31,942	$14,688
Disabilities	3,160	8,807	3,050	8,790
Survivors	3,065	10,344	2,960	10,292
DROP	2,785	25,000	1,959	25,671
TOTAL	42,087	$14,869	39,911	$14,452

HISTORICAL MEMBERSHIP DATA

History of Active Membership Data
For Last 10 Years

YEAR ENDED 6/30	NUMBER OF ACTIVE MEMBERS	PERCENTAGE CHANGE IN MEMBERSHIP	ANNUAL ACTIVE MEMBER PAYROLL (Thousands)	PERCENTAGE CHANGE IN PAYROLL
1987	85,151	(1.55%)	$1,773,309	9.7%
1988	85,394	0.29%	1,778,340	0.3%
1989	85,965	0.66%	1,896,167	6.6%
1990	87,362	2.33%	2,041,067	7.6%
1991	87,493	0.15%	2,133,107	4.5%
1992	86,244	(0.01%)	2,181,712	2.3%
1993	85,143	(1.27%)	2,176,372	(0.2%)
1994	86,079	1.10%	2,198,302	1.0%
1995	85,112	(1.12%)	2,199,137	0.0%
1996	85,523	0.48%	2,254,304	2.5%

History of Annuitants and Survivor Annuitant Membership
For Last 10 Years

YEAR ENDED 6/30	NUMBER OF ANNUITANTS	ADDITIONS	DELETIONS	PERCENTAGE CHANGE IN MEMBERSHIP	ANNUAL ANNUITIES (Thousands)	PERCENTAGE CHANGE IN ANNUITIES
1987	27,376	2,606	827	6.95%	301,153	8.35%
1988	28,975	2,586	987	5.84%	325,200	7.99%
1989	30,572	2,592	995	5.51%	350,770	7.86%
1990	31,713	2,191	1,050	3.73%	367,208	4.69%
1991	32,857	2,210	1,066	3.59%	388,990	5.93%
1992	34,276	2,523	1,104	4.33%	429,109	10.31%
1993	35,357	2,281	1,200	3.15%	448,675	4.56%
1994	36,441	2,266	1,182	3.07%	467,689	4.24%
1995	37,952	2,778	1,267	4.14%	530,856	13.5%
1996	39,302	2,678	1,328	3.56%	559,883	5.5%

STATISTICAL SECTION

TEACHERS' RETIREMENT SYSTEM
OF LOUISIANA
Education
a
to
Success

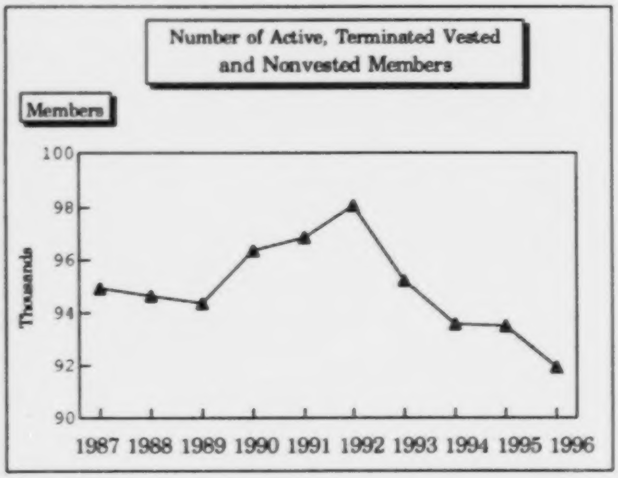
TEN-YEAR INFORMATION ON SELECTED DATA

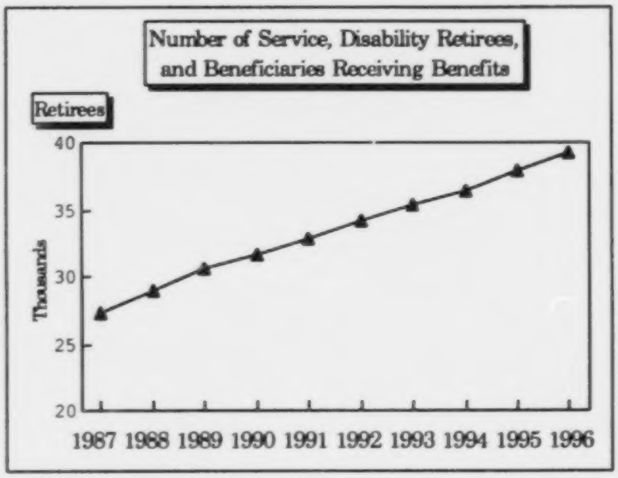
NUMBER OF ACTIVE, TERMINATED VESTED AND NONVESTED MEMBERS

Fiscal Year	Members	% Increase Each Year
1986-1987	94,932	
1987-1988	94,635	(0.3%)
1988-1989	94,369	(0.3%)
1989-1990	96,364	2.1%
1990-1991	96,826	0.5%
1991-1992	98,030	1.2%
1992-1993	95,214	(2.9%)
1993-1994	93,555	(1.7%)
1994-1995	93,521	0.0%
1995-1996	91,970	(1.7%)

NUMBER OF SERVICE RETIREES, DISABILITY RETIREES, AND BENEFICIARIES RECEIVING BENEFITS

Fiscal Year	Retirees	% Increase Each Year
1986-1987	27,376	
1987-1988	28,975	5.8%
1988-1989	30,572	5.5%
1989-1990	31,713	3.7%
1990-1991	32,857	3.6%
1991-1992	34,276	4.3%
1992-1993	35,357	3.2%
1993-1994	36,441	3.1%
1994-1995	37,952	4.1%
1995-1996	39,302	3.6%

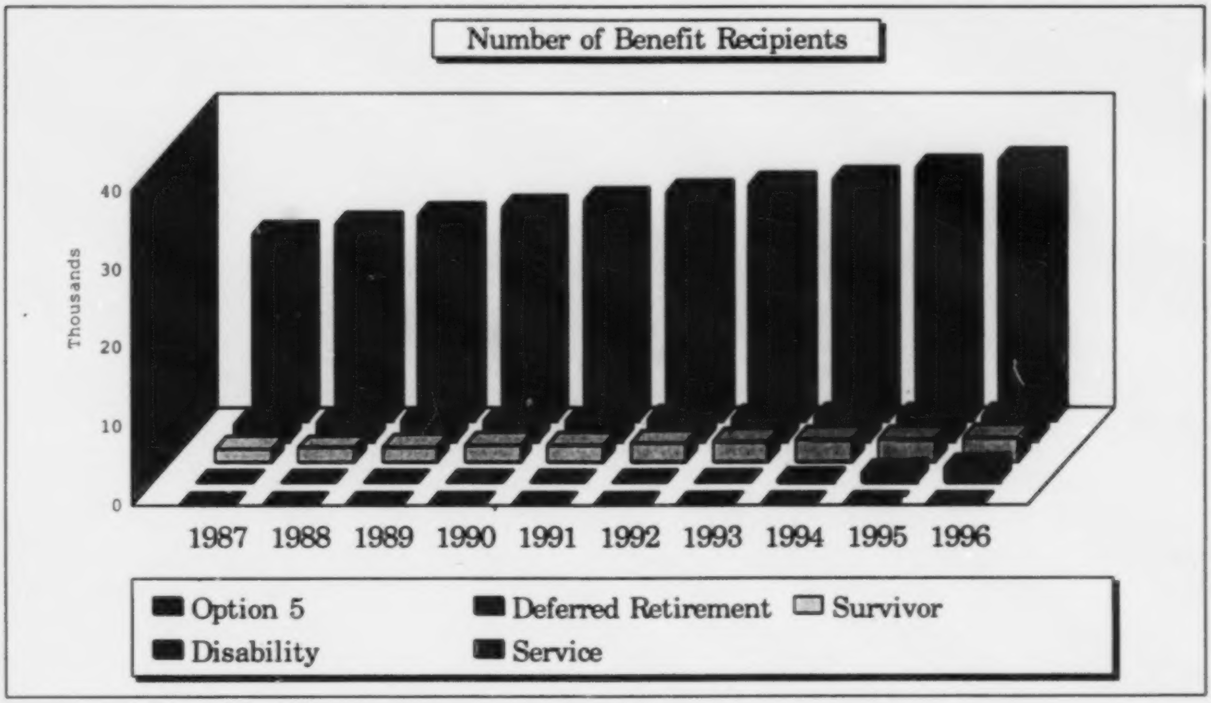




TEN-YEAR INFORMATION ON SELECTED DATA

NUMBER OF BENEFIT RECIPIENTS

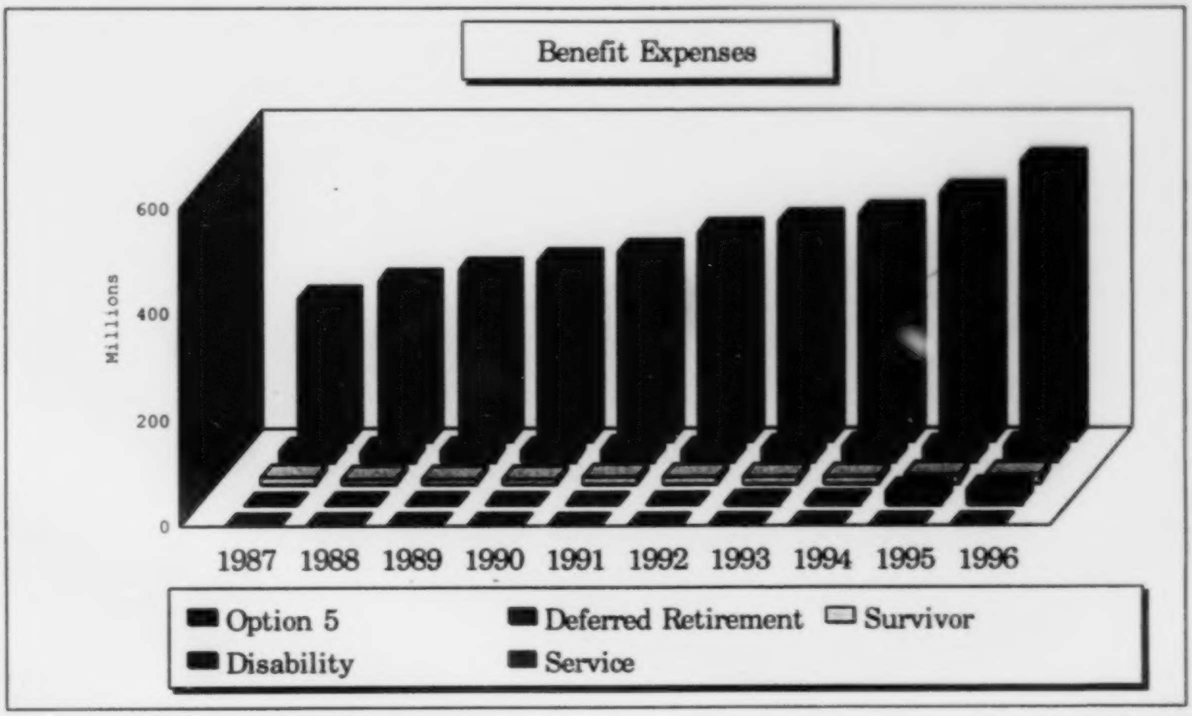
Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Option 5	Total
1986-1987	23,620	2,130	1,626	0	0	27,376
1987-1988	24,762	2,368	1,845	0	0	28,975
1988-1989	25,974	2,581	2,017	0	0	30,572
1989-1990	26,995	2,629	2,089	0	0	31,713
1990-1991	27,888	2,705	2,264	0	0	32,857
1991-1992	28,961	2,809	2,506	0	0	34,276
1992-1993	29,767	2,898	2,692	43	0	35,400
1993-1994	30,597	2,990	2,854	265	0	36,706
1994-1995	31,942	3,050	2,960	1,260	0	39,212
1995-1996	33,077	3,160	3,065	2,116	22	41,440



TEN-YEAR INFORMATION ON SELECTED DATA

BENEFIT EXPENSES

Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Option 5	Total
1986-1987	$266,113,876	$20,930,305	$11,960,174	$ 0	$ 0	$299,004,355
1987-1988	297,762,828	19,482,846	7,468,424	0	0	324,714,098
1988-1989	320,233,515	20,998,919	8,749,550	0	0	349,981,984
1989-1990	337,690,168	22,143,618	9,226,507	0	0	369,060,293
1990-1991	354,088,608	23,300,413	10,951,194	0	0	388,340,215
1991-1992	392,395,149	21,325,823	12,795,494	0	0	426,516,466
1992-1993	412,059,676	24,741,575	13,045,557	377,970	0	450,224,778
1993-1994	427,367,318	28,178,065	14,089,032	3,940,030	0	473,574,445
1994-1995	465,239,170	25,284,738	15,170,843	25,092,013	0	530,786,764
1995-1996	524,065,924	28,481,844	17,089,106	27,663,913	540,204	597,840,991



TEN-YEAR INFORMATION ON SELECTED DATA

AVERAGE MONTHLY BENEFIT

Fiscal Year	Average Monthly Benefit	% Increase Each Year
1986-1987	$ 910	
1987-1988	934	2.6%
1988-1989	954	2.1%
1989-1990	964	1.0%
1990-1991	981	1.8%
1991-1992	1,037	5.7%
1992-1993	1,060	2.2%
1993-1994	1,074	1.3%
1994-1995	1,110	3.4%
1995-1996	1,208	8.8%

NUMBER OF REFUNDS OF CONTRIBUTIONS

Fiscal Year	Number of Refunds	% Increase Each Year
1986-1987	5,757	
1987-1988	5,060	(12.1%)
1988-1989	4,926	(2.6%)
1989-1990	4,644	(5.7%)
1990-1991	4,219	(9.2%)
1991-1992	5,047	19.6%
1992-1993	3,848	(23.8%)
1993-1994	3,590	(6.7%)
1994-1995	4,176	16.3%
1995-1996	4,160	(0.4%)

NUMBER OF STAFF POSITIONS

Fiscal Year	Staff	% Increase Each Year
1986-1987	65	
1987-1988	76	16.9%
1988-1989	76	0.0%
1989-1990	78	2.6%
1990-1991	84	7.7%
1991-1992	91	8.3%
1992-1993	98	7.7%
1993-1994	102	4.1%
1994-1995	102	0.0%
1995-1996	106	4.9%

TEN-YEAR INFORMATION ON SELECTED DATA

REVENUES BY SOURCE

Fiscal Year	Member	Employer	ORP Contributions Retained	Statutory Dedication of Mineral Revenue Audit and Settlement Receipts	Casino Gaming Proceeds	Investment Income	Other Operating Revenues	Total
1986-1987	$123,080,168	$184,270,826	$ 0	$ 0	$ 0	$ 378,321,781	$ 80,153	$ 685,752,928
1987-1988	125,235,574	188,759,497	0	0	0	156,146,295	1,043,377	471,184,743
1988-1989	133,105,208	198,458,918	0	0	0	266,136,424	914,847	598,615,397
1989-1990	162,676,467	349,367,280	0	0	0	344,664,351	298,539	857,006,637
1990-1991	171,535,641	295,749,998	6,941,265	0	0	330,703,542	371,861	805,302,307
1991-1992	172,460,103	384,814,216	13,678,861	0	0	451,844,820	173,687	1,022,971,687
1992-1993	174,513,027	359,198,776	15,148,005	0	0	647,208,769	176,335	1,196,244,912
1993-1994	174,424,707	352,371,358	16,474,847	77,185,060	0	453,217,659	183,937	1,073,857,568
1994-1995	177,820,544	356,662,854	18,674,063	29,175,481	19,322,208	978,267,383	317,905	1,580,240,438
1995-1996	182,144,749	372,728,942	21,197,751	29,175,475	0	1,043,283,403	965,697	1,649,496,017

EXPENSES BY TYPE

Fiscal Year	Benefits	Refunds	Administrative Expenses	Investment Expenses	Depreciation Expense	Other Operating Expenses	Total
1986-1987	$299,004,355	$19,528,811	$3,500,764	$ 141,703	$ 98,581	$ 22,036	$322,296,250
1987-1988	324,714,098	18,787,319	4,328,790	311,971	214,716	412	348,357,306
1988-1989	349,981,984	21,200,719	4,495,581	23,357,575	246,078	800	399,282,737
1989-1990	369,060,293	20,704,676	6,330,728	17,472,171	261,060	4,709	413,833,637
1990-1991	388,340,215	36,092,214	3,529,049	29,557,647	259,675	0	457,778,800
1991-1992	426,516,466	17,376,309	3,959,386	35,388,744	280,844	1,630	483,523,379
1992-1993	450,224,778	17,840,648	4,254,795	42,982,315	322,968	1,307	515,626,811
1993-1994	473,574,445	16,176,563	4,586,676	38,036,241	376,476	270,613	533,021,014
1994-1995	530,786,764	18,708,082	4,859,492	59,917,733	374,890	0	614,646,961
1995-1996	597,840,991	18,536,343	5,208,861	72,648,935	391,098	0	694,626,228

*NOTE: Prior to the adoption of GASB Statement No. 25, the Revenues By Source and Expenses By Type were prepared under the criteria of NCGA Statement 6 and GASB Statement No. 5.

SCHEDULE OF PARTICIPATING EMPLOYERS

SCHOOL BOARDS -

Acadia Parish School Board
Allen Parish School Board
Ascension Parish School Board
Assumption Parish School Board
Avoyelles Parish School Board
Beauregard Parish School Board
Bienville Parish School Board
Bossier Parish School Board
Caddo Parish School Board
Calcasieu Parish School Board
Caldwell Parish School Board
Cameron Parish School Board
Catahoula Parish School Board
Claiborne Parish School Board
Concordia Parish School Board
DeSoto Parish School Board
East Baton Rouge Parish School Board
East Carroll Parish School Board
East Feliciana Parish School Board
Evangeline Parish School Board
Franklin Parish School Board
Grant Parish School Board
Iberia Parish School Board
Iberville Parish School Board
Jackson Parish School Board
Jefferson Parish School Board
Jefferson Davis Parish School Board
Lafayette Parish School Board
Lafourche Parish School Board
LaSalle Parish School Board
Lincoln Parish School Board
Livingston Parish School Board
Madison Parish School Board
Morehouse Parish School Board
Natchitoches Parish School Board
Orleans Parish School Board
Ouachita Parish School Board
Plaquemines Parish School Board
Pointe Coupee Parish School Board
Rapides Parish School Board
Red River Parish School Board
Richland Parish School Board
Sabine Parish School Board
Saint Bernard Parish School Board
Saint Charles Parish School Board
Saint Helena Parish School Board
Saint James Parish School Board
Saint John the Baptist Parish School Board
Saint Landry Parish School Board
Saint Martin Parish School Board
Saint Mary Parish School Board
Saint Tammany Parish School Board
Tangipahoa Parish School Board
Tensas Parish School Board
Terrebonne Parish School Board
Union Parish School Board
Vermilion Parish School Board
Vernon Parish School Board
Washington Parish School Board
Webster Parish School Board

SCHOOL BOARDS (Continued) -

West Baton Rouge Parish School Board
West Carroll Parish School Board
West Feliciana Parish School Board
Winn Parish School Board
Bogalusa City Schools
Monroe City Schools

COLLEGES AND UNIVERSITIES -

Louisiana Tech University
Northwestern State University of Louisiana
Louisiana State University-Baton Rouge
University of New Orleans
Louisiana State University Medical Center-New Orleans
Nicholls State University
Southeastern Louisiana University
University of Southwestern Louisiana
Grambling State University
Southern University and A&M College-Baton Rouge
Southern University and A&M College-New Orleans
Southern University Shreveport-Bossier City
Delgado Community College
McNeese State University
Northeast Louisiana University
Louisiana State University-Shreveport
Louisiana State University Medical Center-Shreveport
Elaine P. Nunez Community College

VOCATIONAL TECHNICAL SCHOOLS -

Huey P. Long Technical Institute
T. H. Harris Technical Institute
Natchitoches Technical Institute, Region 7
Shreveport-Bossier Regional Technical Institute
Acadian Technical Institute
Sowela Regional Technical Institute
Sullivan Technical Institute
Jefferson Technical Institute
South Louisiana Regional Technical Institute
Jefferson Davis Technical Institute
Baton Rouge Regional Technical Institute
Delta-Ouachita Regional Technical Institute
Alexandria Regional Technical Institute
Teche Area Technical Institute
Northwest Louisiana Technical Institute
Sabine Valley Technical Institute
Florida Parishes Technical Institute
North Central Technical Institute
Gulf Area Technical Institute
Sidney N. Collier Technical Institute
Young Memorial Technical Institute
Hammond Area Technical Institute
Evangeline Technical Institute
Westside Technical Institute
Northeast Louisiana Technical Institute
Avoyelles Technical Institute
Slidell Technical Institute
West Jefferson Technical Institute
Charles B. Coreil Technical Institute
Regional Management Center 4-Lafayette
Tallulah Technical Institute

SCHEDULE OF PARTICIPATING EMPLOYERS (Continued)

VOCATIONAL TECHNICAL SCHOOLS (Continued) -

Folkes Technical Institute
River Parishes Technical Institute
Ruston Technical Institute, Region 7
Oakdale Technical Institute
Bastrop Technical Institute
Mansfield Technical Institute
Lamar Salter Technical Institute
Ascension Technical Institute
Lafayette Regional Technical Institute
Claiborne Technical Institute
New Orleans Regional Technical Institute
Regional Management Center 6-Alexandria
Shelby M. Jackson Memorial Technical Institute
Regional Management Center 2-Baton Rouge
Regional Management Center 8-Monroe
Regional Management Center 7-Shreveport
Regional Management Center 1-New Orleans
Regional Management Center 3-Houma
Lafourche Technical Institute, North Campus

STATE AGENCIES -

Louisiana Department of Education
Louisiana School for the Visually Impaired
Louisiana School for the Deaf
Teachers' Retirement System of Louisiana
Louisiana School Employees' Retirement System
Louisiana State Employees' Retirement System
Louisiana Department of Social Services
Louisiana Department of Public Safety and Corrections
Hammond Developmental Center
Southwest Louisiana Developmental Center
Pinecrest Developmental Center
Ruston Developmental Center
Board of Trustees State Colleges and Universities
Louisiana Department of Agriculture and Forestry
Division of Administration
Legislative Auditors
Louisiana State Senate
Louisiana House of Representatives
Louisiana Department of Wildlife and Fisheries
Louisiana Department of Health and Hospitals
Medical Center of Louisiana-New Orleans
Louisiana Department of Justice
University Medical Center
Louisiana Department of Insurance
Louisiana Department of Military
Louisiana State Law Institute
Department of Veterans Affairs
Louisiana Department of Natural Resources
Office of Lt. Governor
Louisiana Department of Revenue
Washington-St. Tammany Regional Medical Center
Louisiana Department of Labor
Treasury Department

OTHER -

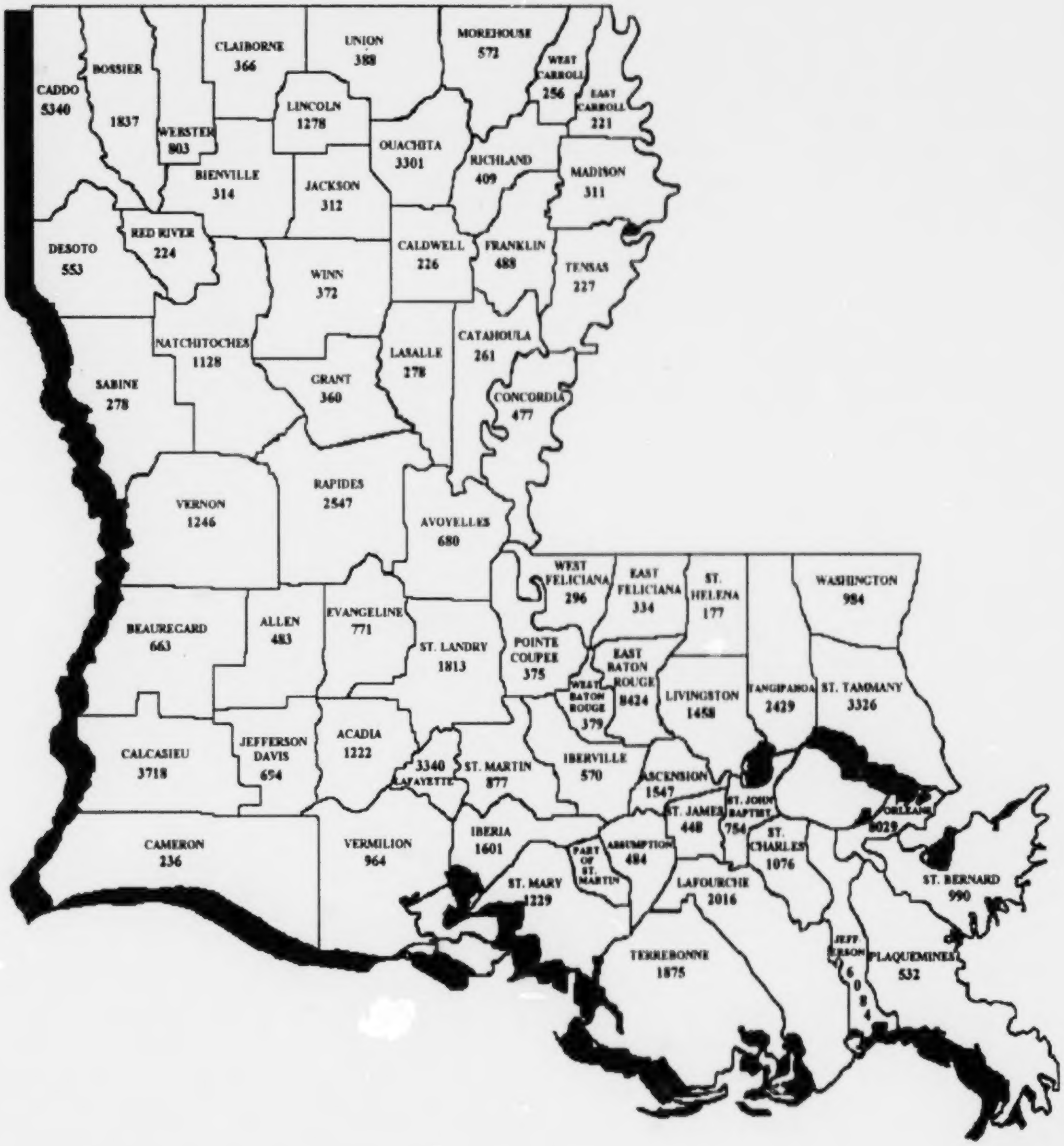
Louisiana Association of Educators
Louisiana Special Education Center
Louisiana School for Math, Science, and Arts
Louisiana High School Athletic Association
Saint Tammany Federation of Teachers

OTHER (Continued) -

Louisiana State Board of Elementary and Secondary Education
United Teachers of New Orleans
Louisiana Technical Resource Center
Louisiana Federation of Teachers
Special Education District #1
Rapides Federation of Teachers/School Employees
Louisiana Board of Regents
Saint Bernard Parish Sheriff's Office
W. O. Moss Regional Hospital
Associated Professional Educators of Louisiana
Louisiana Educational Television Authority
Louisiana Universities Marine Consortium
Court of Appeal, Fourth Circuit
Jefferson Parish Council
Florida Parishes Juvenile Detention Center
Council for the Development of French in Louisiana
Louisiana Systematic Initiative Program
Allen Parish Assessor's Office
Louisiana Public Service Commission
E. A. Conway Medical Center
Leonard J. Chabert Medical Center
Northwest Louisiana Juvenile Detention Center
Earl K. Long Medical Center
Huey P. Long Medical Center

STATE OF LOUISIANA

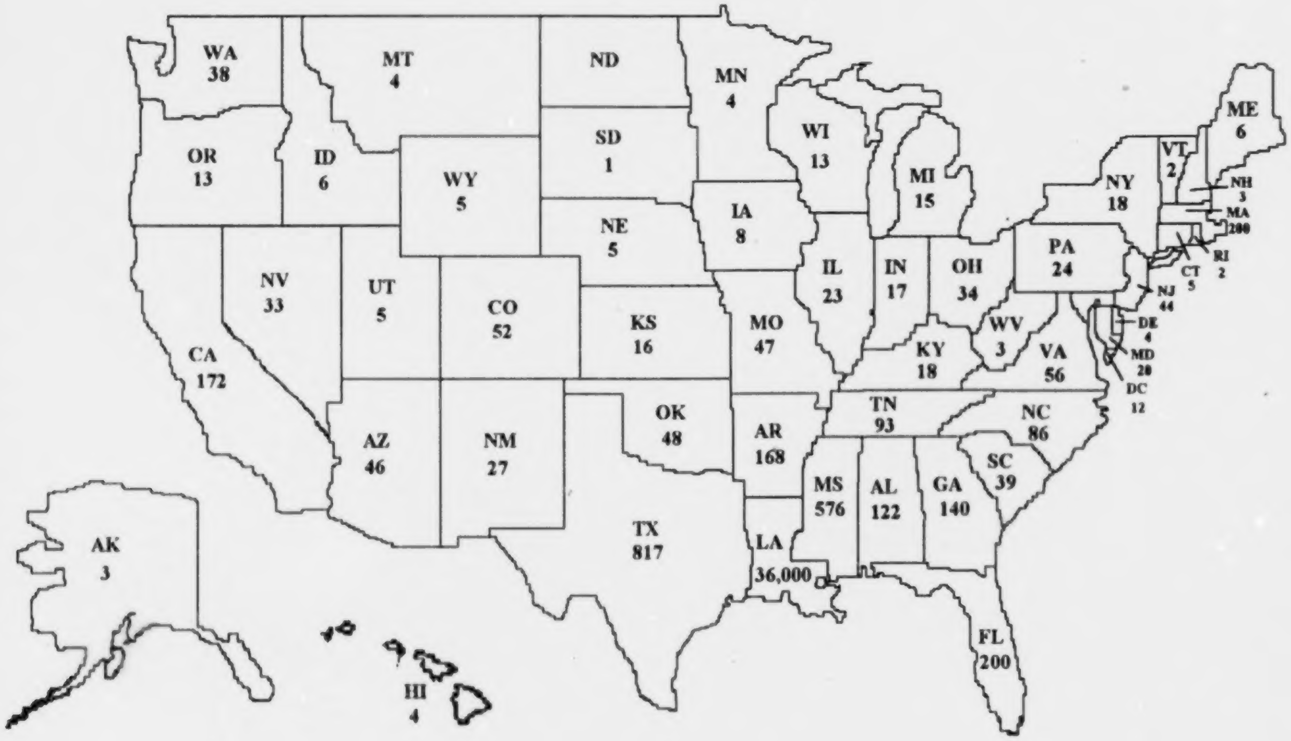
TOTAL ACTIVE MEMBERS - 85,523


CADDO
5340
BOSSIER
1837
WEBSTER
803
CLAIBORNE
366
LINCOLN
1278
UNION
388
MOREHOUSE
572
WEST CARROLL
256
EAST CARROLL
221
BIENVILLE
314
JACKSON
312
OUACHITA
3301
RICHLAND
409
MADISON
311
DESOTO
553
RED RIVER
224
WINN
372
CALDWELL
226
FRANKLIN
488
TENSAS
227
NATCHITOCHES
1128
SABINE
278
GRANT
360
LASALLE
278
CATAHOULA
261
CONCORDIA
477
VERNON
1246
RAPIDES
2547
AVOYELLES
680
WEST FELICIANA
296
EAST FELICIANA
334
ST. HELENA
177
WASHINGTON
984
BEAUREGARD
663
ALLEN
483
EVANGELINE
771
ST. LANDRY
1813
POINTE COUPEE
375
EAST BATON ROUGE
8424
WEST BATON ROUGE
379
LIVINGSTON
1458
TANGIPAHOA
2429
ST. TAMMANY
3326
CALCASIEU
3718
JEFFERSON DAVIS
694
ACADIA
1222
3340
LAFAYETTE
ST. MARTIN
877
IBERVILLE
570
ASCENSION
1547
ST. JAMES
448
ST. JOHN BAPTIST
754
ORLEANS
8029
CAMERON
236
VERMILION
964
IBERIA
1601
PART OF ST. MARTIN
ASSUMPTION
484
ST. CHARLES
1076
ST. MARY
1229
LAFOURCHE
2016
ST. BERNARD
990
TERREBONNE
1875
JEFFERSON
6084
PLAQUEMINES
532

*INCLUDES ALL EMPLOYING AGENCIES LOCATED WITHIN EACH PARISH

LOCATION OF TRSL RETIREES WORLDWIDE

(Total Number of Retirees 39,302)


WA
38
MT
4
ND
MN
4
ME
6
WI
13
SD
1
OR
13
ID
6
WY
5
MI
15
VT
2
NY
18
NH
3
MA
200
IA
8
NE
5
PA
24
RI
2
CT
5
NV
33
UT
5
IL
23
IN
17
OH
34
NJ
44
CO
52
KS
16
MO
47
WV
3
DE
4
CA
172
KY
18
VA
56
MD
20
DC
12
TN
93
OK
48
NC
86
AR
168
AZ
46
NM
27
SC
39
MS
576
AL
122
GA
140
AK
3
TX
817
LA
36,000
FL
200
HI
4

U.S. POSSESSIONS

VIRGIN ISLANDS	1

FOREIGN COUNTRIES

ENGLAND	1
GREECE	1
CANADA	1
MEXICO	1

ALTERNATIVE RETIREMENT PLANS

OPTIONAL RETIREMENT PLAN

The Optional Retirement Plan (ORP) was created by La. R.S. 11:921 and implemented on July 1, 1990. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. Participants who are eligible for membership in the Teachers' Retirement System of Louisiana (TRSL) can make an irrevocable election to participate in the ORP, a defined contribution plan, rather than the TRSL defined benefit plan.

The ORP was modified by legislation passed in the 1995 session. The new act allowed ORP members to continue their participation in the ORP if they assumed a position at a school board or other agency that was covered by TRSL even though that agency was not an institution of higher education. Prior to the passage of this legislation, ORP members who terminated employment at an institution of higher education were ineligible to continue their ORP membership if they were employed outside higher education. This presented an inequity for those members as they were ineligible to ever participate in the regular retirement plan of TRSL.

The ORP provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the Board of Trustees of Teachers' Retirement System of Louisiana. Monthly contributions, remitted by both the employers and the employees, are invested to provide the employees with future retirement benefits. The amount of these benefits are entirely dependent upon the total contributions and investment returns accumulated during the employees' working lifetime.

Employees participating in the ORP select individual annuity contracts which may be fixed or variable or both. In the fixed annuity, contributions are allowed to accumulate over a period of years until retirement and earn interest at varying amounts dependent upon prevailing market rates. As a conservative investment, the fixed annuity provides for both the return of principal and payments of interest.

Although the variable annuity may involve additional risk, it can also provide the employees with more opportunities to enhance their investment returns. Contributions can be invested in a variety of assets, such as stock funds, bond funds, money market accounts, etc. As the cash value of the variable annuity is dependent upon the investment results of the selected funds, a member's account value can fluctuate from year to year.

At June 30, 1996 and 1995, employees joining ORP consisted of:

	1996	1995
Members of TRSL joining ORP	110	95
New employees joining ORP	1,001	938
	1,111	1,033

At June 30, 1996 and 1995, the amounts transferred to ORP were:

	1996	1995
Amounts previously held in TRSL reserves	$ 273,609	$ 430,210
Contributions	33,427,868	27,307,240
	$33,701,477	$27,737,450

At June 30, 1996 and 1995, member and employer contribution rates were:

Member	1996	1995
Member contribution rate (applicable for ORP transfers)	7.90%	7.90%
Member contribution rate (administrative fee - TRSL)	0.10%	0.10%
	8.00%	8.00%

Employer	1996	1995
Employer contribution rate (normal cost is applicable for ORP transfers)	7.089%	6.870%
Unfunded rate (retained by TRSL)	9.411%	9.330%
	16.500%	16.200%

DEFERRED RETIREMENT OPTION PLAN

The Deferred Retirement Option Plan (DROP) was first implemented on July 1, 1992 with the passage of La. R.S. 11:786 by the legislature. Under the DROP a member is allowed to accumulate his retirement benefits in a special reserve fund and yet still continue his employment and draw his salary. During this period of employment, no contributions are made to TRSL by either the member or by the employing agency. After termination of employment, the member not only receives his regular monthly retirement benefit, but also receives the amount accumulated in the DROP fund, either as a total distribution or as an additional monthly annuity.

In the original DROP, participation in the program could not exceed two years; however, the DROP was modified on January 1, 1994 to allow for a three-year period of participation. This longer period of participation permits the members to accumulate additional funds in planning for his eventual retirement from the work force.

All monthly deposits to the DROP accounts are sheltered from taxes until withdrawal from the account after termination of employment. If the withdrawal is made in a single sum or for a period of less than ten years, the member has the option of "rolling over" the withdrawn funds to an individual retirement account (I.R.A.), individual retirement annuity, or to another qualified plan. Certain restrictions do apply. A careful study of all provisions of the DROP should be made by the member in order to determine what is best for his particular situation. TRSL suggests that members consult with their tax accountants prior to making a withdrawal selection.

All information printed above is presented as a summary only and is not intended to be a substitute for any language contained in the law.

DROP Participation

	1995-1996	1994-1995	Percent Increase (Decrease)
Members Entering DROP	1,949	1,970	(1%)
Disbursements	$27,663,913	$25,092,013	10%
DROP Reserves at June 30	$197,800,870	$125,310,091	58%

OPTION 5

The Option 5 program became effective on January 1, 1996. Retiring members who had not participated in the Deferred Retirement Option Plan (DROP) could choose the Option 5 alternative which provided both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. The amount of the monthly benefit for life is based upon the amount of the single sum payment, the member's age at the time of retirement, and an actuarial reduction.

As with the DROP program, the member has several choices pertaining to the distribution of the single sum payment.

- The member may receive the entire amount less twenty percent federal income tax withholding.
- The member may roll over the entire amount to an individual retirement account, an individual retirement annuity, or another qualified plan.
- The member may begin a period of monthly or yearly withdrawals of the amount. However all withdrawals are subject to the same tax laws as apply to the DROP.

From January through June, distributions totaling $540,204 were paid to 22 Option 5 participants.

The Teachers' Retirement System of Louisiana is an equal opportunity employer and complies with the Americans with Disabilities Act.

LSU Graphic Services, 3555 River Road, Baton Rouge, LA 70803, printed a total of 1,000 copies of this annual report at a total cost of $7,265. The Teachers' Retirement System of Louisiana published this report to make public the System's financial operations. This report was printed in accordance with R.S. 43:31B.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA
P.O. BOX 94123
BATON ROUGE, LA 70804-9123

BOUND PRINTED MATTER
BULK RATE
U.S. POSTAGE PAID
BATON ROUGE, LA
PERMIT NO. 1716

BEST COPY AVAILABLE